

*tipico*

CORPORATE  
RESPONSIBILITY  
REPORT 2019

# CORPORATE RESPONSIBILITY REPORT 2019

## INTRODUCTION 04

Tipico is ranked as one of the top ten most influential online gambling providers worldwide. With a market share of more than 50%, we are the number one in Germany. Discover how we got here and what role football plays at Tipico in the section [Who We Are](#). How do we live up to being a responsible company? Find out about our standards and what topics we focus on in the [Corporate Responsibility](#) section.

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In 2019, more than €300,000 was donated in the field of health-care, prevention research and social development as part of our community involvement. What do **Our Communities** look like and how do we support them by providing employment and taxes? In the section **How Our Employees Engage** you will find further information on how we are combining charity with sporting events, what opportunities are offered to our employees to get involved and how many hours were spent on community work.

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# INTRODUCTION

Dear Readers,

We are publishing this report as people around the globe are fighting the COVID-19 pandemic which brings with its uncertainties and changes for everyone. While it is still too early to describe the long-term outcomes of the crisis, something has become evident: In the framework of the pandemic a multitude of positive initiatives have been set up, illustrating that sustainable transformations are possible in all areas.

The same goes for Tipico. For us, corporate responsibility means successfully operating our business in a sustainable manner. Therefore, we are proud to present our corporate responsibility report 2019, which discloses extensive information on our efforts to be a trusted and responsible corporate citizen. The report highlights a number of projects and key indicators that demonstrate how we integrate sustainable business decisions in all our actions, delivering better outcomes for all our stakeholders and communities. It increases transparency and helps all stakeholders understand our values and commitment.

In 2019, both the trust in our brand and satisfaction with our product increased among customers. We have more than 280,000 active online users on a Bundesliga match day and we have been ranked the 6<sup>th</sup> most influential online gambling provider worldwide. All this is the result of our trustworthy

and sustainable business practices. It is not just the result of a few people's work, but is influenced by the actions of each and every employee in the Tipico Group as well as our external collaborative partners. Internally, our employees bring our values to life and support Tipico in continuously improving our performance. In 2019, we therefore focused on increasing training for employees by offering an extensive leadership programme and by ensuring that employees participate in all compliance training sessions. We trust all our employees to follow the highest ethical standards and we are proud that over the last year so many of us got actively involved in shaping our company through voluntary culture work streams. At the same time, external collaboration helps us reach our goals. Since 2018, we have been part of the UN Global Compact, the largest sustainability initiative worldwide which enables us to align and take actions with the support of the United Nations. We are committed to the principles of the initiative and will keep working towards our common goals.

After a successful year, we are now excited to present you with our results.

## The Tipico Board

Joachim Baca (CEO), Stefan Eck (CFO), Marlon van der Goes (CCO) and Karin Klein (CRO)







## INTRODUCTION: WHO WE ARE

From a single betting shop to the market leader: We are the home for sports betting in Germany, and in 2019 we ranked 6th among the most influential on-line gambling providers worldwide.<sup>1</sup>

Our success story begins in a small betting shop in Karlsruhe. What started as a tiny business of three students quickly evolved into a flourishing company with a strong digital-driven business model. Soon, we became one of the leading European betting providers with online and land-based operations. Since 2004, the company's headquarter has been in St. Julian's, Malta. We not only hold licences for sports betting and our online casino, but also employ around 330 people from more than 30 nations on the Mediterranean island, being one of the most popular employers there. We are licensed by the Malta Gaming Authority (MGA) to conduct betting businesses and operate casino offers. We also have a sports betting and online casino licence in Schleswig-Holstein, Germany.

Furthermore, we operate branches in Germany, Austria, Croatia, Colombia and Gibraltar. Currently, more than 750 people work for the Tipico Group. Including staff in our own retail shops, that number increases to around 1,550 employees. In total,

more than 6,000 people work for our entire Group and the associated franchise network, which consists of around 1,270 retail shops. We are known for our sports entertainment products, and our customers' bets are in safe hands with us. As a reliable partner of sport, we are committed to integrity, the highest standards of data security, and the protection of minors and vulnerable players. Our company can look back with pride on an incredible year in 2019, with many highlights such as numerous exciting Bundesliga matches, a powerful FIFA Women's World Cup and the Basketball World Cup.

During the year we registered many new records and were able to keep the gratifyingly high level of customer activity stable even after the tournaments ended.

In 2019, we strengthened our market share of over 50% in Germany, making us one of the largest providers in the digital gaming business on an international level. Our strong performance was confirmed by the leading industry magazine eGaming Review, which ranked us among the top ten. Compared to 2018 (7<sup>th</sup> place), we received an even better ranking, making us the 6th most influential online gambling provider worldwide.

<sup>1</sup>EGR (2019) Retrieved from: <https://egr.global/intel/egr-power-50/egr-power-50-2019-tipico-06/>

## BEHIND THE SCENES: LEADING TO SUCCESS



From left to right: Our Chief Financial Officer (CFO) Stefan Eck, who joined in 2017, our Chief Regulatory Officer (CRO) Karin Klein, our Chief Executive Officer (CEO) Joachim Baca and our Chief Commercial Officer (CCO) Marlon van der Goes have been part of the management board since 2016. Our board does not only share a passion for sports but also possesses many years of experience in the gaming industry. Just like our employees, all members of the board bring our company values to life and thereby push the success of the business.



We **TRUST** that every member of our organization does the right thing to contribute to the overall success of the business. We take the trust placed in us by our customers and other stakeholders as an incentive to continuously maintain a safe environment, integrity and trusted relationships.



**PROGRESS** describes our constant quest for improvement. We put this into action through the training and further education of our employees as well as the constant innovation and further development of our services.



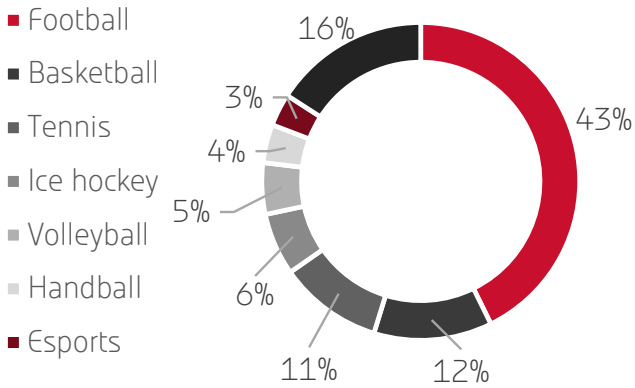
Due to our **PASSION** for sports, we enjoy our work. This also connects us closely to our customers, because we share a common commitment: We never settle for second.



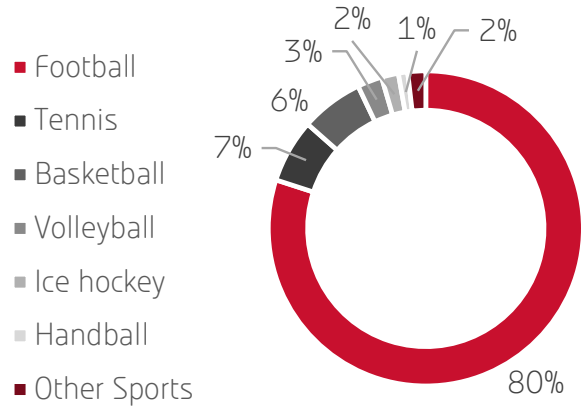
# INTRODUCTION

WE ARE A SPORTS BETTING COMPANY: IT'S ALL ABOUT FOOTBALL

SPORTS COVERAGE BY EVENTS



SPORTS COVERAGE BY TURNOVER



Even though our offers include hundreds of different sports events every single day, around **90%** of all placed bets are related to football games.

TOP 3 FOOTBALL COMPETITIONS 2019 BY TURNOVER



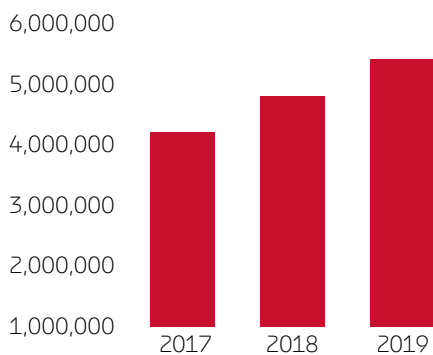


We have the **#1** sports betting app in the German Apple App Store.

We hold more than **50%** of the market share in the German sports betting market.

On average, we handle more than **5** million bets per day.

### AVERAGE NUMBER OF BETS PER DAY

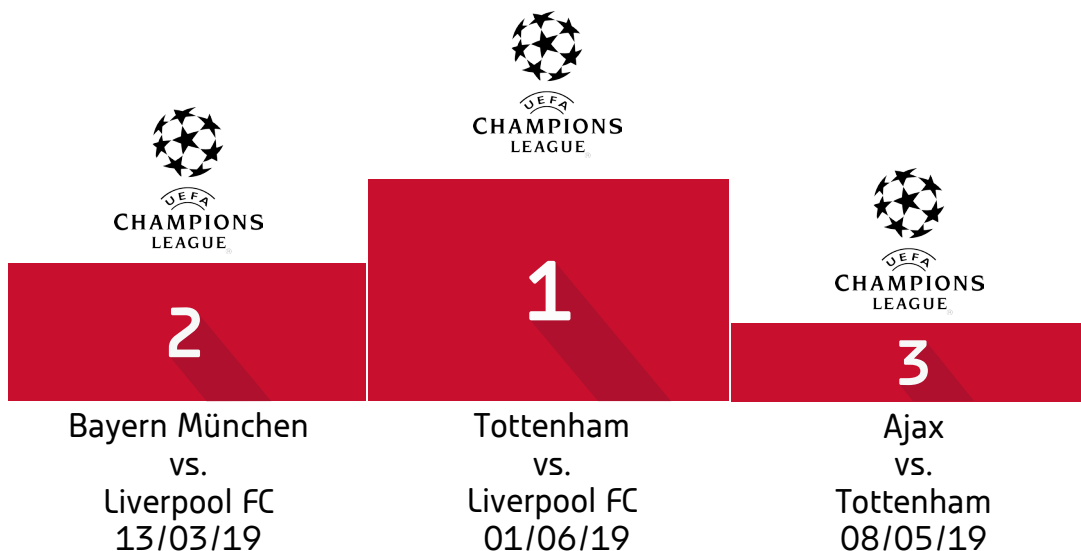


Number of Sports Offered – Overall **30+**

Average Sport Events Offered per Day  
– Overall **730**

Unique Active Online Users up to  
**284,000** on a football match day

### TOP 3 FOOTBALL EVENTS 2019 BY TURNOVER



# INTRODUCTION

## OUR PARTNERS

We are a highly trusted partner in the sports world. In Germany we are the Official Partner of the Bundesliga and 2. Bundesliga, Official Platinum Partner of the FC Bayern München as well as the Platinum Partner of the FC Bayern Basketball. In Austria, we are the Official Betting Provider of the Austrian Bundesliga.



## ACCESSIBLE EVERYWHERE: ONLINE AND RETAIL

We are the home of sports betting. Our online offers are always available. In 2019 digital revenues accounted for almost 70% of total revenues – and that number is rising. In addition to our position as a digital pioneer, we can build on our successful multi-channel strategy with a strong retail presence in Germany and Austria.

Our large network consists of our own shops, as well as franchise shops throughout Germany and Austria. In 2019, we increased the network of shops operated by our own Group companies to around 230 in both countries (grey dots). Together with the extensive franchise network (white dots) we offer our services in more than 1,270 outlets.

GERMANY  
SHOPS TOTAL 2019



more than **+ 70**  
new Tipico-owned shops  
(compared to 2018)

AUSTRIA  
SHOPS TOTAL 2019

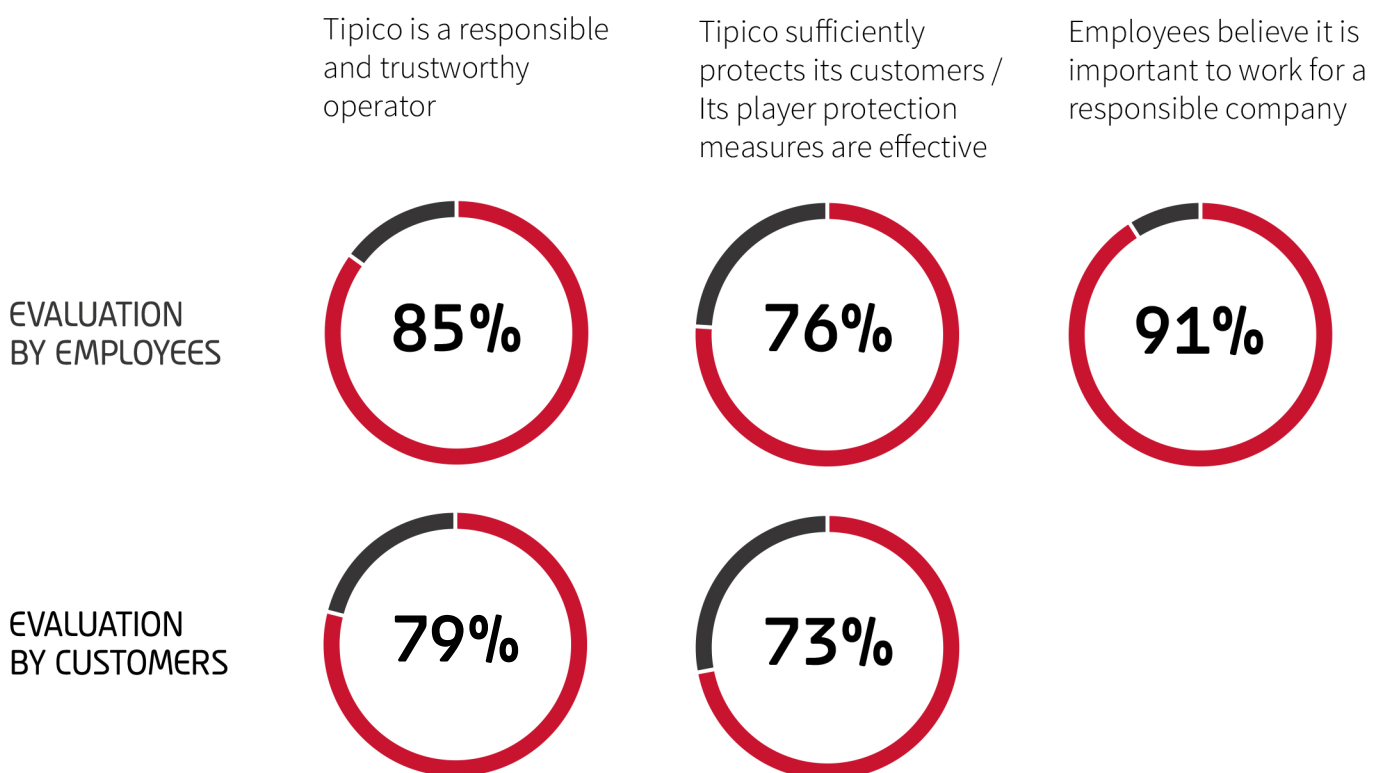


- Tipico
- Franchise

# INTRODUCTION

## CORPORATE RESPONSIBILITY: FOSTERING RESPONSIBILITY THROUGHOUT THE COMPANY

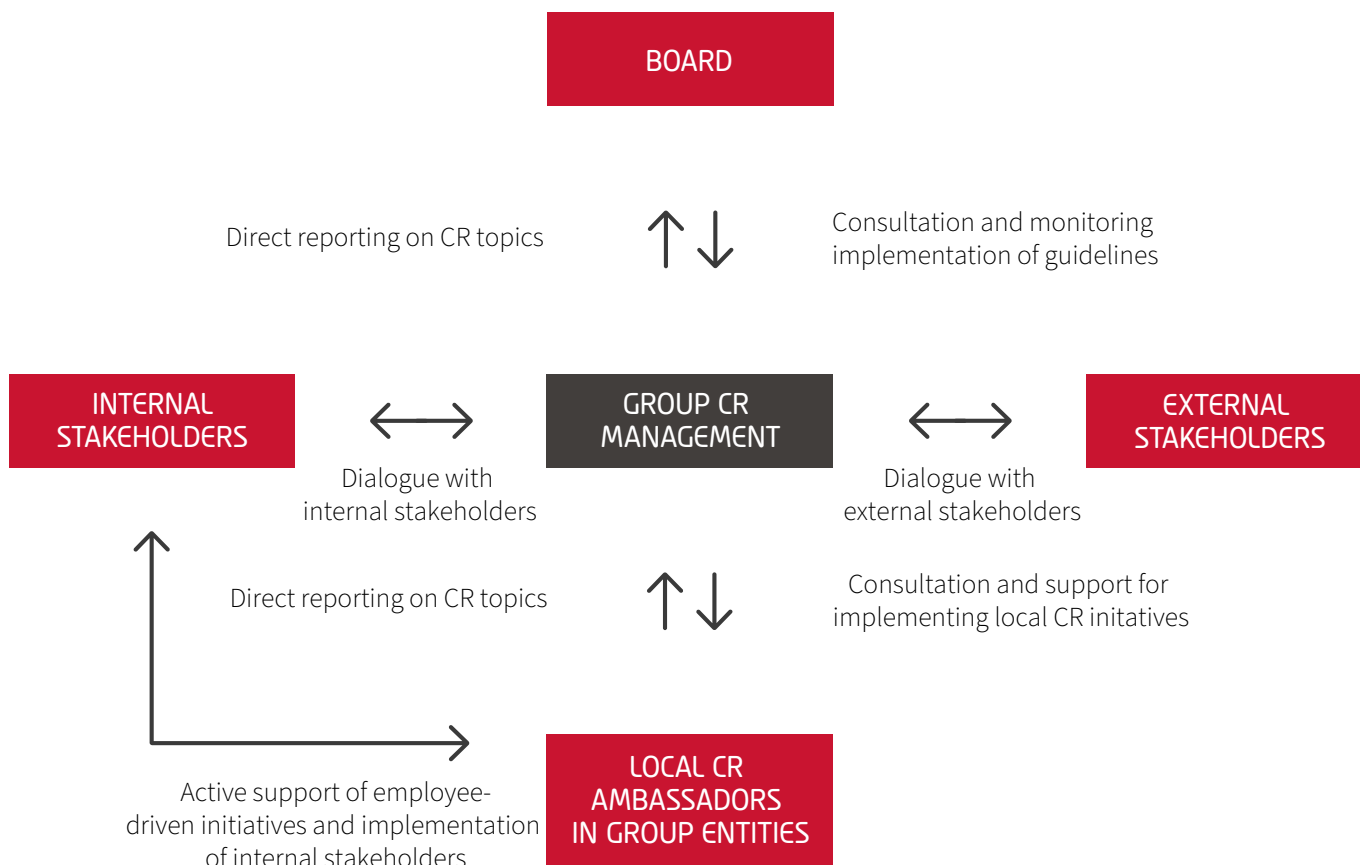
In accordance with our employee satisfaction survey, around 91% of Tipico employees consider it important to work for a responsible company. This attitude is mirrored in our company values and throughout our operations. At Tipico we are convinced that economic success goes along with responsible, trustworthy business practices. By including environmental, social and governance (ESG) topics in our strategy, we gain competitive advantages as the German market leader. For that purpose, Tipico has conducted a formal materiality analysis to identify and prioritise fields that have the highest impact on its ESG performance, based on a consultation of internal and external stakeholders. Progress on material topics is reported in this separate annual CR report, which can be found on our Group webpage [www.tipico-group.com](http://www.tipico-group.com). Besides the high relevance of corporate responsibility (CR), stakeholder views on Tipico's performance have further been reviewed in 2019. The outcome highlights Tipico's excellent performance:



Fostering responsibility in all aspects of the company is not only the goal of our CR team, but is also firmly established in our corporate values. Therefore, our CR team, accountable for management of CR topics and implementation of a group-wide CR strategy, directly reports to the CRO who is a member of the Tipico board. On top of monthly reporting to the board and shareholders, regular meetings are held to discuss prospective CR challenges, opportunities and impacts, to present proposals and to receive strategic guidance. Thus, the active commitment of the board and all business units to CR can be guaranteed.

In 2019, a new CR policy was introduced for the whole Tipico Group, giving a framework to all initiatives by describing our commitment, setting requirements for CR projects and donations and offering several ways for employees to engage in CR initiatives (see section “How Our Employees Engage: Sports for Charity”).





In all our entities, local staff members have volunteered to act as CR ambassadors. They have better insight into their local communities and are therefore well-positioned to identify potential economic, environmental and social impacts in their specific locations. In 2019, the main group consisted of around ten employees. These ambassadors help our central CR to connect with local communities, raise awareness in their regions, and support approved employee-driven charitable activities and practical execution of local volunteering projects. Through this framework, we can assure that all CR impacts of our Group entities are taken into consideration and coordinated centrally within the Tipico Group.

**WE SUPPORT**



As collaboration can effect powerful changes in markets and societies, we participated in the UN Global Compact (UNGC) for the second consecutive year. The Compact is signed by companies that promote certain social and environmental standards which are set out in ten main principles. It is the world’s largest corporate sustainability initiative. The UN Global Compact enables companies to align strategies and operations with the universal principles of human rights, labour, environment and anti-corruption, and takes action in these areas – all with the knowledge and experience of the United Nations. In the course of this participation, we signed a statement in which we committed to comply with the ten principles of the UN Global Compact – one of the first participants within our sector to do so.

In 2019, the suggestions provided by the UNGC were used for defining the content of the first Tipico CR report. Employees further actively participated in training offered by the UNGC Academy. Thereby, employees’ overall understanding of sustainable business practices was increased.



## EMPLOYEES: OUR GREATEST ASSET



### WE ARE COMMITTED TO:

- » respecting applicable labour laws and applying fair labour practices
- » providing development opportunities, which are aligned with individual and organisational needs and focus on growing knowledge, skills, interpersonal communication and leadership
- » encouraging the lifelong education of employees through appropriate training budgets distributed across sites
- » supporting regular feedback sessions between employees, managers and peer groups
- » providing the necessary tools and resources to enable employees to execute their accountabilities
- » supporting the health of employees by providing benefits such as health days or subsidising sports activities

### IN 2019:

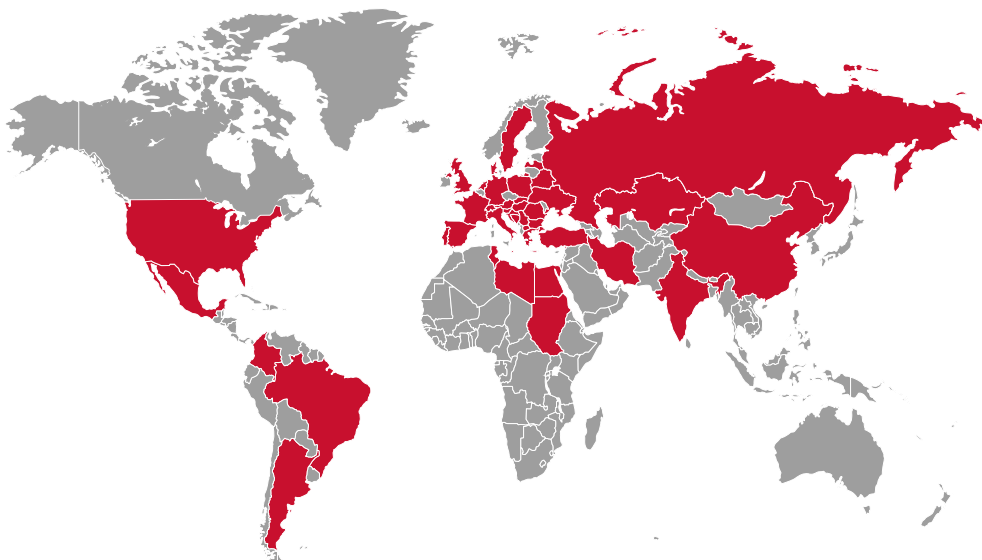
- » more than 100 employees in leading positions (80%) participated in an extensive leadership development programme
- » 86% of our employees participated in the employee satisfaction survey; 85% believe Tipico is a trustworthy and responsible operator
- » the positions of all employees were reviewed as part of the job levelling project
- » we commenced culture work streams and set up a new sports committee
- » we promoted diversity by engaging in the Diversity Day of the Diversity Charta
- » the percentage of women within the company increased to 25% (+ 3% compared to 2018)

## UNIQUENESS: ONE TEAM, COMMON VALUES, DIFFERENT MINDSETS

As the most important resource of the company, and thus a key factor for success, employees are at the core of Tipico. That is why we not only offer a unique international working environment, but also an extensive range of training courses and promotion of sports activities and health benefits. This allows each employee to succeed and gives us a head start to find the best talent. With a wide range of expertise, qualifications and years of experience in the field, we have formed a team that combines a passion for sports and strong identification with our Tipico brand.

As part of this identity, we believe that a free, fair, non-prejudiced and ethnically-vibrant employee base helps bring together many voices, multiple talent pools, and a plethora of capabilities – creating a unique roadmap for our success and growth. In 2019, we employed people of more than 40 different nationalities.

### NATIONALITIES OF TIPICO EMPLOYEES IN 2019



Our strategy leading to such diverse teams is a simple, uncompromising meritocracy without any prejudice: always hire the best candidates. By focusing on qualifications, values and motivation, we have absolute clarity on the values that new employees bring to the company. We benefit from the expertise and unique perspective of each and every one of them. On senior levels (executives, directors and heads of departments) the blend of nationalities is also diverse, with approximately 40% coming from the local communities in which we operate. In 2019, no incidents of discrimination were reported.

In 2018, Tipico signed the Diversity Charta, a corporate initiative to promote diversity in companies and institutions under the auspices of the German Federal Chancellor Dr Angela Merkel. The charter aims at promoting recognition, appreciation, inclusion and diversity in the workplace and in everyday life in Germany. We were one of the first companies in the gambling industry to become part of this initiative. In the framework of the Diversity Day 2019, Tipico organised events for employees across all locations. Even though internationality is a strength, other dimensions of diversity are of equal importance to us. Therefore, we set working patterns to minimise barriers for employees with special needs and track gender and age ratios of employees. Nevertheless, more men than women are still interested in the industry. This becomes apparent when comparing data about our employees to the gender balance of our customers, in both cases the majority are male. Another reason might be that Tipico employs several professional groups which are statistically more male-dominated, such as software developers.<sup>2</sup>

<sup>2</sup> Statista (2019) Retrieved from: <https://de.statista.com/statistik/daten/studie/167555/umfrage/frauenanteil-in-verschiedenen-berufsgruppen-in-deutschland/>

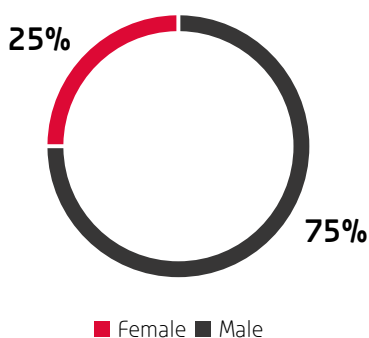


# EMPLOYEES: OUR GREATEST ASSET

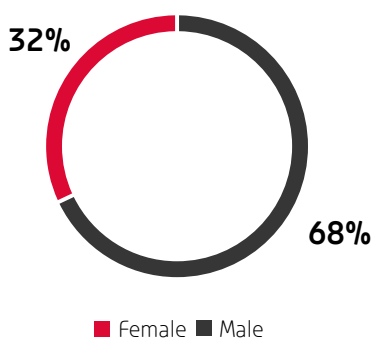


At Tipico around 25% of employees are female. We attempt to address and mitigate this whenever vacant positions in the critical group are available.

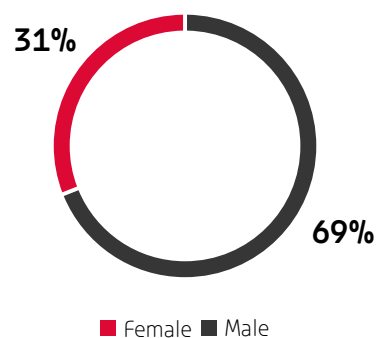
## GENDER RELATIONS IN CORE BUSINESS AREAS



## GENDER RELATIONS OF NEWLY HIRED PEOPLE IN CORE BUSINESS AREAS



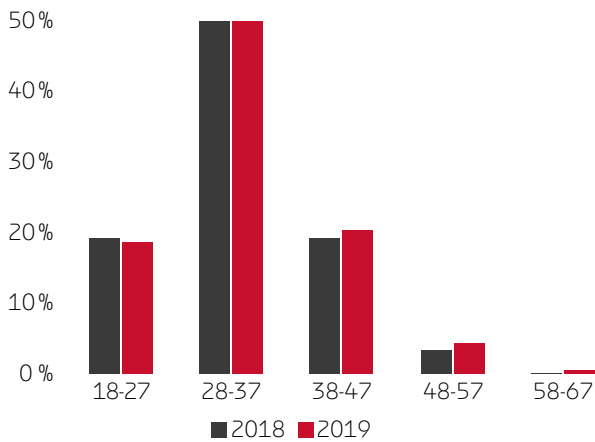
## GENDER RELATIONS OF VISITORS ON CAREER WEBSITE



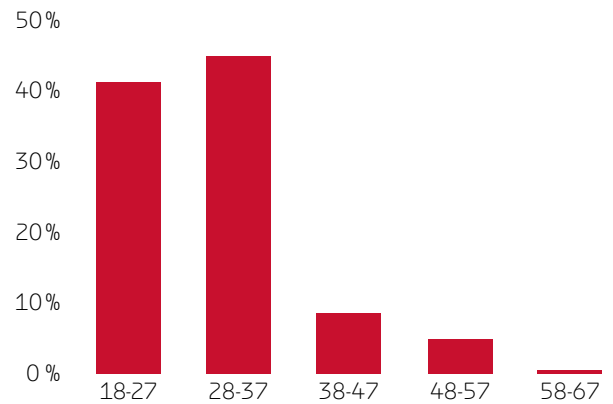
In 2019, we managed to reach our goal of minimising the difference between the percentages of women who are interested in working for Tipico and our actual workforce. While in 2018 the average amount of women at Tipico was around 22% of the workforce, in 2019 we succeeded in increasing that amount to more than 25%. Among newly hired employees we even reached an average of around 32%. This number mirrors the percentage of women interested in working for Tipico (31%). At the most senior levels, 90% of our leadership is male, and this is something we are seeking to address whenever we have vacant positions within this critical group. To simplify the working routine for employees with families, we offer a kindergarten-type childcare service for children of employees at our headquarters.



### EMPLOYEES BY AGE GROUPS IN CORE BUSINESS AREAS<sup>3</sup>



### AGE GROUPS OF CANDIDATES APPLYING IN 2019



In terms of age, we have a relatively young workforce with an average age of 34. The current workforce thereby partly mirrors the people interested in jobs at Tipico. The majority of prospective employees are in the age groups of 18–27 and 28–37. This again reflects our customer base of young adults.

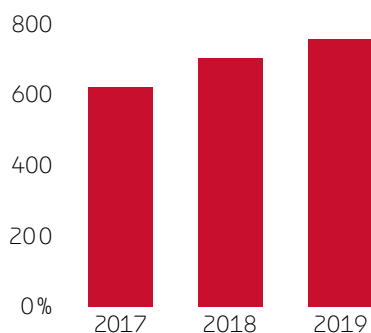
### EXCITING CAREER OPPORTUNITIES

**95%** of employees in core business areas are employed full time.

**93%** of employees in core business areas are permanently employed.

Along with the steadily growing market presence and increased product offers, our team is continuously growing. The number of employees in core business areas by the end of each year grew by around 12% from 2017 to 2018 and 8% from 2018 to 2019. As in the previous year, around 93% are permanently employed. 95% of all our employees in core locations are working full time. When including our retail businesses, these numbers decrease due to the high number of student workers in the Tipico shops.


### EMPLOYEES AT THE END OF THE YEAR IN CORE BUSINESS AREAS



<sup>3</sup> Core business areas are calculated without on-site retail businesses

EMPLOYEES: OUR GREATEST ASSET





In 2019, the annual staff turnover discernibly decreased to 14% compared to 18% in 2017 and 2018.

Because our goal is to maintain the best talent, attractive career development opportunities for our employees are essential. For instance, in Malta 29 employees were promoted or advanced internally to higher positions. This number equals around 16% of all newly filled positions. This applies especially to the customer support team, which is often seen as a stepping stone to understanding the company and progressing from there on. Having an outside perspective as a starting point enables us to focus on our customers and their experience throughout a Tipico career.

**-4 % STAFF TURNOVER** compared to 2018



# EMPLOYEES: OUR GREATEST ASSET

## TRAINING AND DEVELOPMENT: LEADING SPANNUNG

Majority of businesses say it's important to develop leaders at all levels. However, few have implemented leadership development at all levels. At Tipico we took a different approach and have a development programme in place, which 86 % of eligible leaders had joined by the end of 2019. Plans to involve additional leaders who joined Tipico or were promoted to managerial roles after the programme have also been launched.



The programme aims to build a strong understanding of leadership at Tipico and helps to build a robust leadership pipeline by developing the skillsets of our leaders. The programme uses various learning and development methods and tools such as 360-degree feedback as a self-reflection for leaders to gather feedback about their strengths and improvement areas. Workshops delivered within the programme provide leaders with useful tools and informative models. Coaching sessions for Senior Management also provide direction and support to top leaders to solve any challenges they might be facing.

In 2018, in parallel with the Culture Programme, a Leadership Development Programme was launched as another impactful people initiative to create an exciting atmosphere, or “Spannung”. This programme set the tone and created the foundation for reaching the expectations that Tipico’s top leaders had defined. Building a strong and aligned leadership culture within Tipico and bringing the company’s leadership standards to life are the goals of the Leadership Development Programme, also referred to as “Leading Spannung”. As of the end of 2019, 106 participants have participated in the programme, involving individuals from Tipico’s Senior Management and mid-management level from all locations of the Tipico Group.



Instead of a “one size fits all” mentality for most training programmes, which assumes that one curriculum or leadership viewpoint fits every company – regardless of its size, culture, or strategy, at Tipico training is personal. It is defined and created based on evaluations of insights that are gathered along the process in order to create a programme that provides value according to the identified needs of our leaders.



The programme also involves a variety of tailor-made training options specifically designed to complement Tipico's culture with the aim of building momentum and achieving a unified viewpoint on leadership behaviours. Topics include areas aimed at improving professional skills such as facilitating meetings, leading conversations, delivering presentations and storytelling and also managerial skills such as coaching employees, solving conflicts and stress management. Feedback from the sessions showed an average favourable score of 97% for

trainer skills and knowledge and 94% for training content, confirming the successful delivery of such topics, providing us with a glimpse into the level of engagement of participants with the programme.

**94%** of participating leaders confirmed that training content was helpful



## EMPLOYEE TRAINING

In 2019, each employee within the main business areas received on average more than 19 hours (2.4 days) of dedicated training supplemented by various further informal training possibilities such as Tipico Talks, "Outside the Box" sessions, quarterly updates and "Good Morning Malta" sessions, provided by experts within the organisation. The number is almost five times as high as in the previous year. This is not only due to the increased tracking accuracy but to the increased focus on training as well. Knowledge, qualifications and the commitment of employees is a differentiator amongst the competition for talent. As part of our culture, we

demand that employees push and challenge themselves to improve their professional and personal skills. Around 58% of employees further receive regular performance and development reviews. We offer a variety of online, face-to-face and integrated training options in order to reach and appeal to as many employees as possible. The opportunities are endless.

More than **2.4 DAYS** of training per employee

# EMPLOYEES: OUR GREATEST ASSET

## THE INDUCTION PROGRAMME

Learning about how Tipico functions as an organisation, the responsibilities of each entity within the Tipico Group and how departments collaborate on projects and initiatives is a vital part of an employee's introduction to the company. The Induction Programme focuses on educating new employees about Tipico's structure, values, products and culture. It allows employees to better understand where they fit into the business and how they can contribute to the company's goals. The programme also includes various sessions that are delivered by experts from key areas of the business, with the aim of offering a more detailed introduction and overview of their department to deepen their understanding of the business.

Introduction to  
Gaming

Introduction to HR

Introduction to  
Acquisition and CRM

Introduction to  
Bookmaking

## MANDATORY TRAINING

An important aspect of training within the company is not only to help employees extend their skills but to make sure everyone understands the principles of integrity and follows regulations, standards and applicable best practices. We therefore provide extensive mandatory training to all employees. Office and shop employees are trained regularly to treat data confidentially, to be aware of information security processes and to minimise the risk of money laundering. We ensure that customer-facing employees are trained on responsible gaming (RG) topics and that all shop employees receive regular accredited training specific to their roles. By using customised offers, Tipico ensures that the training is valuable and progress on all compliance training is tracked accurately.

Anti-Money  
Laundering

GDPR

Responsible Gaming

Information Security

## UPSKILLING COURSES

Tipico employees use learning opportunities to share knowledge, overcome challenges, progress themselves and their teams, build trust and share passions. During discussions with their line managers, employees identify their key developmental needs. Employees are encouraged to work on finding opportunities for their own development.

With the development of technical skills, language skills, people skills and managerial skills, Tipico ensures efficiency when working on projects and initiatives in a collaborative manner. Training, development initiatives vary from one entity to the next in order to address unique cultures, business needs and priorities.

Professional Skills and  
Knowledge

Language Skills

People and Soft Skills

Managerial Skills

## COLLABORATIVE LEARNING

In the past five years, we have offered employees the opportunity to participate in the One Tipico Xchange Programme. This allows employees to travel to other offices in order to increase collaboration between departments. Participants have a chance to take part in on-the-job learning, or to attend informative meetings with colleagues from other teams. This allows them to build strong partnerships, improve individual and team communication and further develop their interpersonal skills. The programme is well integrated within the culture. In 2019, 12 participants travelled within the programme. In total, over 65 employees have participated in the Xchange programme.

### Xchange Programme

Tipico Talks is an initiative that is delivered within a format that includes short get-togethers with the intention of discussing various topics. This provides an opportunity to the speaker to practice their presentation and public speaking skills, whilst sharing their passions, current or upcoming projects or an innovative movement in the industry with the audience. Some discussions are open for all employees throughout the Group to learn and to share knowledge. Initiatives by the Learning Community also form part of the “Tipico Talks” umbrella. Initiatives such as “Good Morning Malta” and the “4 O’Clock Tea” aim to share information related to programmes and projects, while “Tech Talks” cover industry trends and innovations in a brief but effective manner. “Outside the Box” sessions offer employees the opportunity to learn about topics that are not related to work, such as photography and sports. In Karlsruhe, a buddy programme was also successfully introduced in 2019.

### Tipico Talks

Teams across Tipico are encouraged to dedicate time to spend with other departments with the purpose of learning about their processes, roles and responsibilities, as long as this is in line with business priorities and provides value to the organisation. This greatly improves collaboration between departments on more efficient procedures, allows stakeholders to be involved in projects at an early stage and ensures that there is constant progress and productivity. This cross-departmental exchange was launched within Marketing Teams and between Customer Services and the Gaming department at Tipico, among other departments.

### Cross-department Exchange

# EMPLOYEES: OUR GREATEST ASSET

## SPORTS AND WELL-BEING

Following the motto “Winning isn’t everything; it’s the only thing” (Henry Russell) we organised sports and health days at our offices in Croatia, Germany and Malta supplemented by many further sport events such as runs and tournaments at all Tipico sites. Why? Sport is fun, the base of our business model – and the health of employees is important to us. That’s why we don’t stop at offering sports days but further support our employees by providing gym membership benefits, subsidies for private health insurance and fruit baskets in most offices. We also have site-specific recreational activities such as football and table tennis to offer sporting activities during breaks. These measures together with flexible work times pay off. Our employees appear not only to be happy but healthy as well.

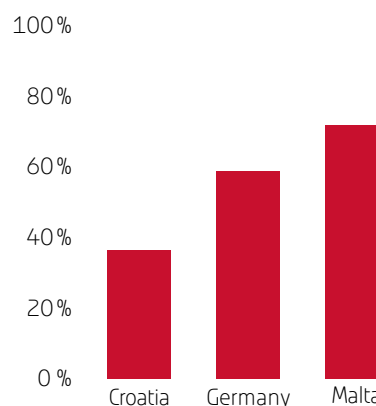


As in 2018, the average sick days of the Group remained constantly below five days per year in 2019. All locations where public data is available are considerably below their respective national averages (Germany 2018<sup>4</sup>; Croatia and Malta 2017<sup>5</sup>), with Croatia at an average of 3.6 days, Germany at an average of 6.2 days and Malta at an average of 3.0 days. Further data is available for employees in Colombia at an average of 1.6 days and Gibraltar at an average of 3.8 sick days per year.

Some locations additionally have health and safety representatives, safety officers or employee representatives. For instance, in Malta an employee representative is elected every third year. Furthermore, around 20 employees in Malta were trained as fire wardens and another 20 as first aiders in 2019. Employees additionally benefit from free mental health services and preventative advice on mental health symptoms via a partner organisation (Richmond Foundation) which promotes mental

well-being (i.e. stress reduction) in the workplace. Employees may contact the foundation at any time for an appointment, without the need for approval by or disclosure to their line manager.

### ANNUAL SICK LEAVE OF TIPICO EMPLOYEES COMPARED TO NATIONAL AVERAGES



<sup>4</sup> Statista (2019) Retrieved from: <https://de.statista.com/statistik/daten/studie/13441/umfrage/entwicklung-der-jaehrlichen-anzahl-krankheitsbedingter-fehltage-je-arbeitnehmer/>

<sup>5</sup> World Health Organization (2019) Retrieved from: [https://gateway.euro.who.int/en/indicators/hfa\\_411-2700-absenteeism-from-work-due-to-illness-days-per-employee-per-year/](https://gateway.euro.who.int/en/indicators/hfa_411-2700-absenteeism-from-work-due-to-illness-days-per-employee-per-year/)



## BENEFITS FOR EMPLOYEES

In 2019, we managed to further extend our Tipico sports betting brand position. The reason behind this is our strong community and the committed employees. The whole Group is working hard and therefore earning a competitive salary. Employees are not covered by collective bargaining agreements. Nevertheless, in order to contrast salaries of employees against the industry standard, we obtain external assurance based on extensive data bases of comparable positions.

For this reason, we introduced an alignment in the salary structure of the whole Group and launched a job levelling project in 2018. The job levelling project continued in 2019 and resulted in the successful review of all positions at Tipico. All roles have been analysed by taking into consideration industry specific and cross-country benchmarks. These multiple benchmarks were compared with the aim of providing an accurate picture of the very specific industry in which Tipico operates. The result of this work is a powerful tool that has been used since the project was completed to compare our internal compensation data with the external benchmark and guarantee competitive compensation packages and internal equity for all our existing roles.

New job roles are also assessed by using the same methodology and tools.

This aligns salaries throughout Tipico, safeguards fairness and further reduces the risk of discrimination in pay among employees.

While parental leave and minimum notice periods are for the most part handled based on national laws, we offer our employees a range of additional benefits. As for the salary structure, we are constantly working on defining a clear global strategy based on total reward and on harmonising benefits among Tipico Group entities. The goal of this harmonisation project is to enhance the global “One Tipico” strategy, to identify and address gaps, deliver improved alignment and to offer all employees valuable benefits alongside their salary. Besides German entities, benefits are provided to all employees without differentiation between full-time and part-time jobs, student workers or interns.

**x2**

On average, the minimum wages at Tipico are twice as high as the respective local minimum wages in all core business entities.

# EMPLOYEES: OUR GREATEST ASSET

## EMPLOYEE ENGAGEMENT: STAFF SHAPING CULTURE

At Tipico, we believe that the best way to continue success is by taking care of employees' needs and giving them opportunities to grow by getting involved. Therefore, we regularly ask for feedback in the form of employee engagement surveys, offer developmental support on various topics and proactively enlist employee perspectives to continue delivery of relevant and inspiring employee initiatives. In 2019, 86 % of employees participated in the engagement survey, a 4% increase compared to 2018, showing high engagement in cultural values.

CULTURE AND INTERPERSONAL HIGHLIGHTS OF 2019:	BEST IMPROVEMENTS COMPARED TO 2018:
<ul style="list-style-type: none"><li>» 86 % of employees participated, showing high engagement in cultural values</li><li>» 85 % of these consider us a responsible and trustworthy operator</li><li>» 87 % of employees think they have guidance from their managers on how to be successful in their roles</li><li>» 86 % are aware of how their work directly contributes to the goals of Tipico</li><li>» 76 % are proud to work for Tipico</li></ul>	<ul style="list-style-type: none"><li>» +17 % believe Tipico operates as One Team</li><li>» +15 % agree that we have a progressive mindset at Tipico: We are always looking to do more, challenging ourselves and looking to learn</li></ul>

In-house workshops were organised across the Group to create a set of action plans, further improving the engagement of our employees and guiding their progress. One of the focus areas identified was the improvement in collaboration across the organisation. As a result of feedback gathered in 2018 and 2019, our leadership team continues to communicate frequently about its organisational strategy and goals. The overall results confirm another step towards our “One Tipico” mindset, working more efficiently together as one team for our product, contributing towards our success.

# Maximise Positive Impact

Employees from all areas are actively driving working groups from our culture programme on a voluntary basis to share and explore their ideas for further improvements.

With the creation of culture workgroups, Tipico expanded the possibilities for employee-driven initiatives, emphasising social and environmental topics, collaborative working, knowledge-sharing, networking and development opportunities. The groups are as follows:

The corporate social responsibility (CSR) work stream organises events and activities for good causes such as charity races and breast cancer awareness days. Furthermore, location-specific Corporate Responsibilities (CR) activities comprised charitable auctions and CR Days across the Group.

The Learning Community work stream creates opportunities within the company to encourage knowledge-sharing initiatives such as those under the “Tipico Talks” umbrella, namely “Good Morning Malta” and “4 O'clock Tea”.

The Building Bridges work stream aims to increase collaboration by building stronger relationships between locations and departments. The recognition team also finds new ways of showing appreciation to employees for their efforts and contributions.

Other work streams, for example the Events work stream and the Sports Committee, provide opportunities for employees to meet and to network through internal events such as the end-of-year events and sporting activities such as the sports day events in each location.

The Culture group works together on various initiatives with the aim of learning, collaborating and networking, which in turn will contribute towards shaping Tipico's culture.



# EMPLOYEES: OUR GREATEST ASSET

## REVIEW OF 2019 AND TARGETS FOR 2020:

In 2019, a lot was achieved in terms of employment at Tipico. We focused on the leadership development programme, affecting not only employees in leading positions but their team members as well. Due to our steadily increasing business activities we further focused on recruitment and managed to create a job-leveilling tool. We have been able to employ many new talents, expanding our diverse team to more than 750 employees in core business areas, including a higher share of women among our newly recruited employees. Some of the targets from 2019 will be ongoing, as these focus on continuous improvement. Therefore, the following targets have been set for 2020:

- » continuation of the Leadership Development Programme for people managers at Tipico
- » continuous work on the reward area: review of the benefits and incentives offered at Tipico to gain a better understanding of possible alignment and enhancements
- » review of talent acquisition process & tools and introduction of enhancements aiming at quality of the talent recruited to join Tipico
- » review of learning & development offers at Tipico and alignment across offices to ensure availability of most important training and development opportunities
- » design and implementation of pilot career paths framework to create transparency for career progression and professional development
- » implementation of a series of guidelines to keep people managers informed about how to take people decisions and support employees in various business situations
- » implementation of aligned HR systems landscape for our retail colleagues in Germany
- » building a set-up for people analytics and data quality
- » design and implementation of the employer branding concept aiming at building a consistent and authentic picture of Tipico as a workplace





## PRODUCT QUALITY: IN SAFE HANDS



### WE ARE COMMITTED TO:

- » creating the safest gambling environment – be it online or in the shops
- » protecting minors and vulnerable players effectively
- » continuously improving the player protection concept that governs our approach beyond regulatory requirements
- » maintaining the best international practices for responsible advertising
- » supporting research conducted by leading researchers in the field of addiction prevention
- » supporting counselling providers in our core markets
- » following the highest standards for responsible gaming (RG) as directed in the Tipico RG Policy

### IN 2019:

- » 74 % of online and 83 % of our retail customers were greatly satisfied with our products and services
- » 97 % of our customers can be considered moderate gamblers, based on behavioural monitoring
- » we implemented stringent document verification: more than 620,000 documents have been checked and approved
- » more than 2,800 tests and quality audits within our retail network were carried out
- » more than 140 in-person RG training sessions resulting in more than 12,700 person-hours were completed
- » 98 % of customer-facing employees completed online RG training (+3 % compared to 2018)
- » we maintained our six major partnerships with a focus on sports integrity

# PRODUCT QUALITY: IN SAFE HANDS

## CUSTOMER SATISFACTION: PROVIDING A SAFE AND EXCITING EXPERIENCE

Trust and safety are deciding factors for consumer choice. Therefore, Tipico is dedicated to offering customers trustworthy and safe products. The forces of an open, regulated market are drivers for consumer protection. Only by providing high-quality products, exciting the customer, while at the same time satisfying all safety concerns, we can gain the trust and loyalty of consumers.

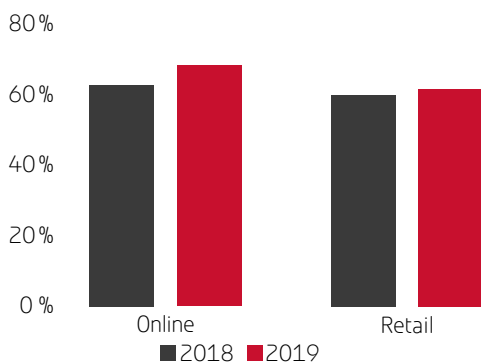
Our performance is reflected in the feedback of customers. Overall, our customers enjoy our offers and services.<sup>6</sup> Among online customers in Germany, satisfaction remained at 76% of customers greatly satisfied with Tipico, with that number even higher in retail at 83% (+2% compared to 2018). Thereby, trustworthiness is one of the predominant attributes associated with the company.

**76%** of online customers and **83%** of retail customers are greatly satisfied with our products and services  
**79%** believe Tipico is a responsible operator

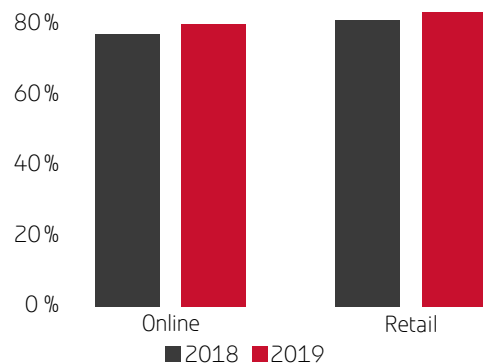
In 2019, 79% of customers further agreed that Tipico is a responsible operator.

Overall, customer satisfaction with our services increased over 2019, with an average of 72.5% of customer service contacts rated as satisfying. That is a plus of 8% compared to the prior reporting period of 2018.

### CUSTOMERS RATING US ESPECIALLY TRUSTWORTHY



### GREATLY SATISFIED CUSTOMERS



Even though our customer base continued to grow in 2019, the number of complaints remained at the same level. Externally, we only received 10 complaints via eCommerce Online Gaming Regulation and Assurance (eCOGRA) and four complaints via Malta Gaming Authority (MGA). All were able to be resolved in mutual agreement without the help of further parties.

To understand customer satisfaction even better, find our product quality highlights at a glance:



## PLAYER PROTECTION AND PROTECTION OF MINORS

Effective player protection is a central requirement of regulated gambling services. It is also an issue of particular importance to us. Tipico therefore integrates player protection mechanisms into all its operations. Furthermore, we ban minors from participating in gaming under all circumstances. Both our retail stores and the online sector are strongly monitored and identity checks are carried out.

<sup>6</sup>Tipico (2019) Brand Tracking Report



## INTEGRITY AND FAIRNESS

As a licensed operator, we stand for fairness and integrity. Due to our gambling licences, we are subject to regulatory supervision and audits. Technical components of services, such as the random number generator, are tested and certified independently.

Additionally, we support the integrity of sports by cooperating with sports associations and participating in early warning systems to prevent match fixing.



## SAFETY OF FUNDS AND PAYMENTS

The safety of customer funds is pivotal to us. Customer funds are always kept in segregated accounts, separated from company funds. This process ensures the safety of funds and is regularly audited on behalf of licensing authorities. Similarly, the process of outgoing payments is precisely monitored to assure the fast and correct payment of winnings.



## DATA PROTECTION AND DATA SECURITY

Secure and state-of-the-art encryption technologies are used to transmit data between the customer and internal operations. We therefore have an SSL certificate, an encryption protocol for secure data transmission. With the Information Security Management System (ISMS), which is certified by TÜV Rhineland, we ensure that the technical security of computer systems is reviewed and adapted as needed on an annual basis. This shows that we offer comprehensive protection in accordance with the international ISO 27001 standard.



## CUSTOMER FEEDBACK

Improvement is only possible by being receptive to feedback from customers. Should a customer have a dissatisfying experience with the service, we offer a transparent complaint process that can ultimately lead to mediation conducted by a neutral arbitration board if necessary. All complaints are replied to within two weeks. As an independent, accredited arbitration body, eCOGRA, is responsible for these complaints. As part of this agreement, Tipico is 100% committed to always adhering to the recommendations made by eCOGRA. Furthermore, customers are given the opportunity to contact the online gaming support of the Malta Gaming Authority (MGA).

## PRODUCT QUALITY: IN SAFE HANDS

### CLEAN SPORTS: OUR COMMITMENT TO SPORTS INTEGRITY IS KEY FOR OUR BUSINESS MODEL

Manipulation of sporting events not only tarnishes the reputation of sports. By manipulating the outcome of bets, it also strongly impacts the business model of betting operators and creates an unfair disadvantage for legitimate customers. Consequently, the goals of sports associations, consumer protection and betting operators are well aligned in combatting this form of crime.

Aggregated data from betting operators can often be a most valuable source of data to track down potential incidents. Therefore, we support sports federations by participating in several early warning systems. A specially dedicated department painstakingly investigates any indication of potential criminal activities by working closely with relevant authorities and security organisations.



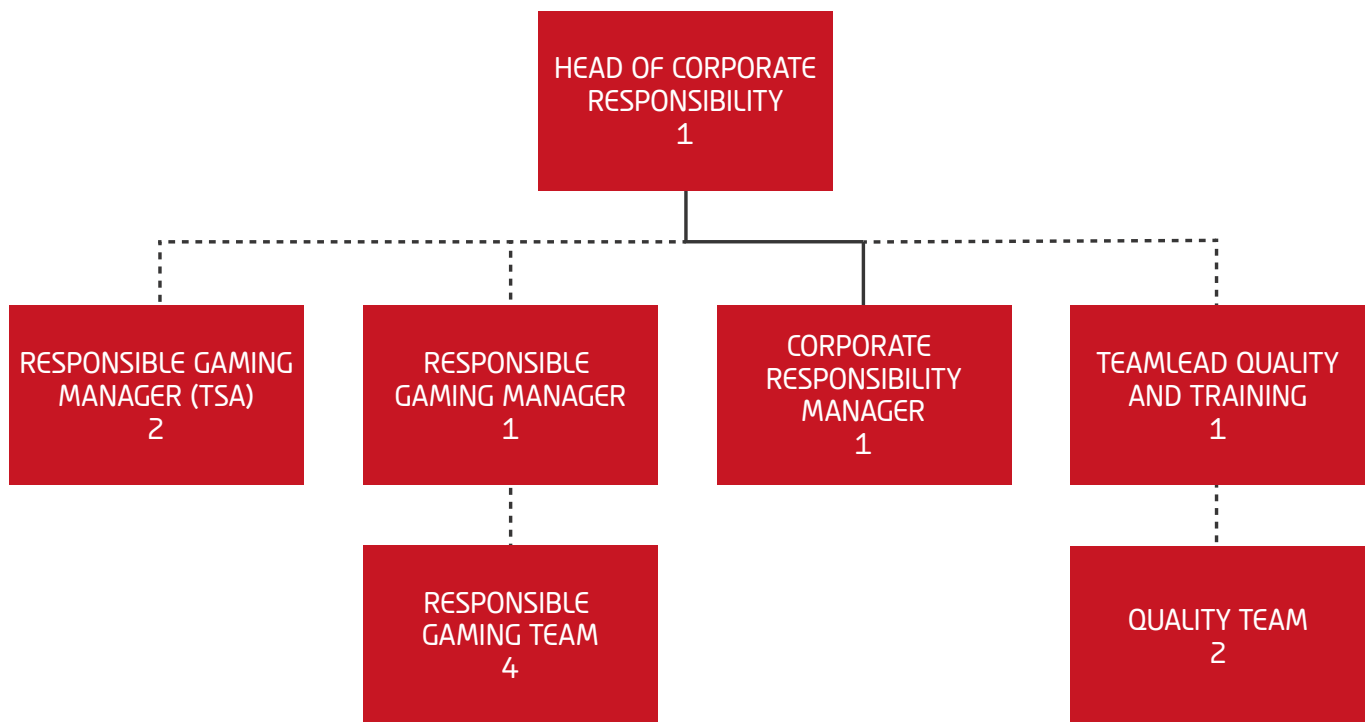
We collaborate with the international football association FIFA on sports integrity. Associations and event organisers are contacted as soon as conspicuous betting behaviour is detected. Even though football is our main target area, we focus on all offered types of sports. Tipico collaborates with Sportradar's integrity department, Betgenius and the International Olympics Committee. In addition, we work with the Tennis Integrity Unit of the International Tennis Federation. All of these organisations focus on sports integrity.



## PLAYER PROTECTION AND PROTECTION OF MINORS: OUR RESOURCES

Security and player protection are integral parts of the product promise. We accept the challenge of assuring an exciting gambling experience. However, this also includes the responsibility to detect and protect vulnerable customers and make sure no minors participate in our offers. That is why we have established guidelines in a binding player protection concept and outlined these on a player protection page for customers.

Our endeavours to provide the safest betting environment are driven strategically by the Corporate Responsibility department (two full-time equivalent employees (FTEs)), which reports to the Chief Regulatory Officer (CRO). Operationally, they are supported by the RG team, which increased by two people in 2019 (seven FTEs). Shop controls and mystery shopping exercises are conducted by the quality team, which increased by four people to eight FTEs including trainers.



External resources further help us reach our RG goals. These include TU Dresden’s “Spielerambulanz” and “Spielsuchthilfe”, multi-lingual online counselling provider “Gambling Therapy” (e.g. to be able to support migrants), as well as the association “Glücksfall e.V.”. We are working with leading German research institutions, the Chair of Addiction Research at TU Dresden, and the University of Lucerne, with the goal of continually improving player protection. Our approach, however, does not end with our online offers and our own shops. All franchisees of Tipico are required to adhere to the same high standards.

Since 2019, all of our franchise partners have been obliged to appoint a player protection officer. It is this person’s task to implement the player protection measures and documentation requirements. Player protection officers take at least 16 hours a week in order to care for the correct implementation of measures and support other employees in doing so.

# PRODUCT QUALITY: IN SAFE HANDS

## RG TRAINING

In order to implement a stringent player protection strategy, knowledge and awareness among employees is further crucial. Therefore, our employees receive several trainings on RG topics. In 2019, the following training sessions were carried out:



In many member states, counselling providers for the prevention of gambling-related problems are not publicly funded. Therefore – as a general principle – we support counselling providers in our core markets. Tipico also supports research conducted by leading researchers in the field of addiction prevention. All findings of this research are sourced back into the public domain – to make betting safer for everyone.

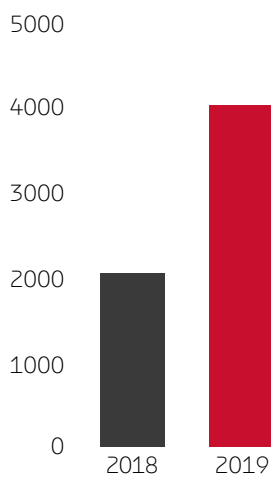
## ADULTS ONLY

Both online and in our retail stores, we prohibit minors from participating in any gambling activities. Our product targets adults who participate in sports betting as entertainment only. Responsibility is taken very seriously, and employees are trained accordingly. In 2019, around 3,400 employees successfully completed an online training course on minor protection in addition to responsible gaming training (see page 34). Identity and age checks (online as well as in our shops) are carried out. All online accounts, as well as Tipico customer cards for the retail business, rely on age and identity verification based on database checks (e.g. SCHUFA) and checks of ID documents.

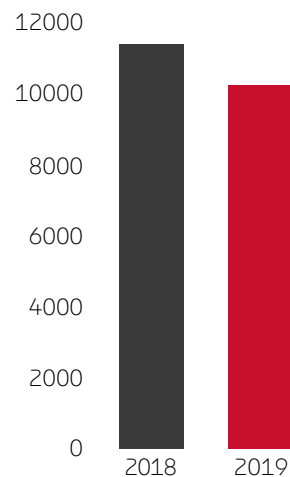
The focus on the protection of minors also applies to our marketing. As part of Tipico’s advertising policy, we avoid any advertising that could have a specific appeal to people under the age of 18. In 2019:

ONLINE:	RETAIL:
<ul style="list-style-type: none"> <li>» we conducted almost 125,000 ID verifications due to our strict regulations</li> <li>» 4,043 minors were caught trying to access the product offer, and expelled accordingly</li> </ul>	<ul style="list-style-type: none"> <li>» we conducted more than 496,000 ID verifications</li> <li>» more than 82,000 additional age checks were conducted with customers entering the premises (+12,000 compared to 2018)</li> <li>» 10,508 minors were prevented from accessing premises</li> </ul>

ONLINE: MINORS IDENTIFIED



RETAIL: MINORS IDENTIFIED

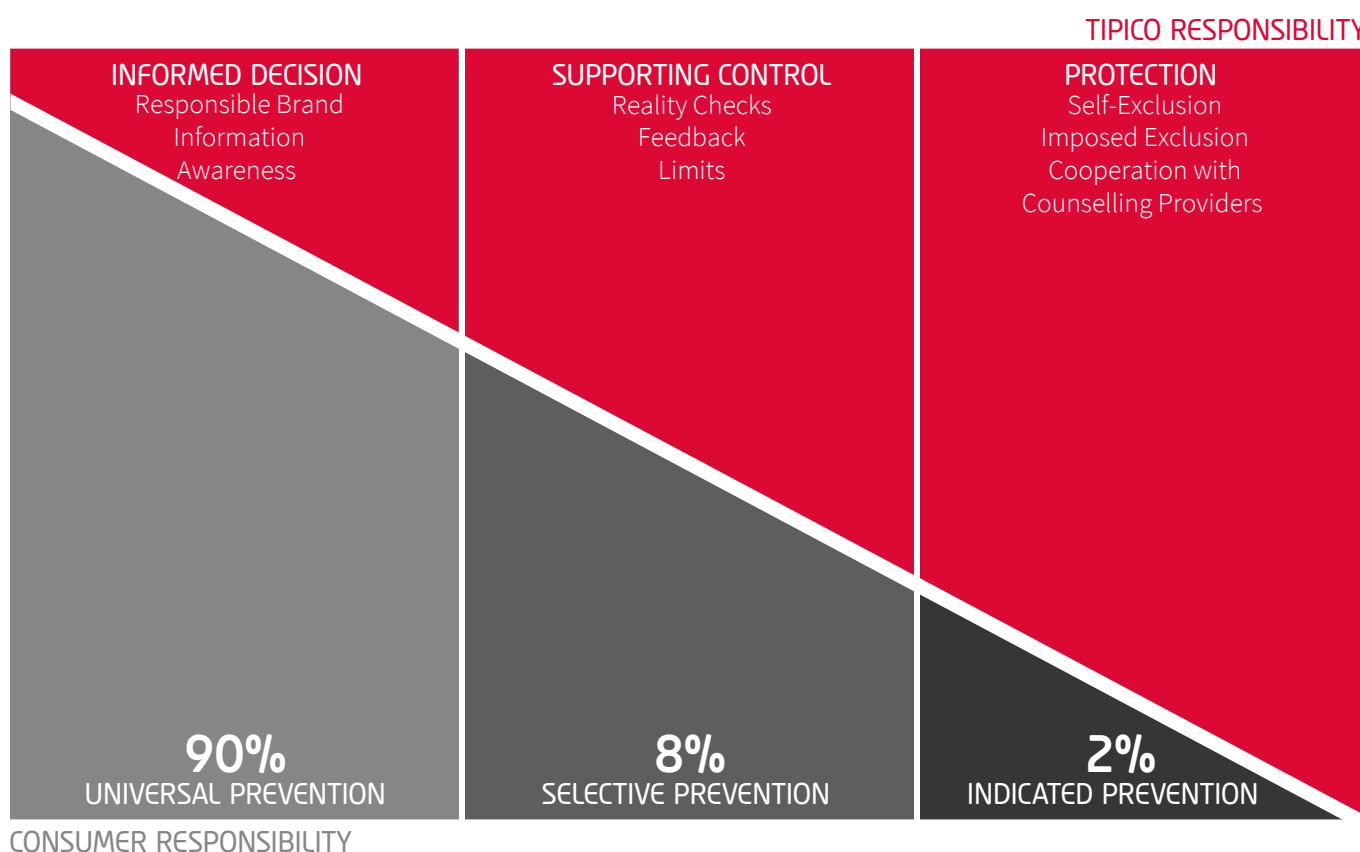


# PRODUCT QUALITY: IN SAFE HANDS

## PLAYER PROTECTION: INDIVIDUALISATION IS KEY

Not all customers are the same. While most only require detailed information in order to play safely, others need more attention from the company. Therefore, our player protection aims at individualisation in order to give every customer the level of protection they need.

Based on prevalence surveys, it is expected that approximately 1% of the general adult population suffers from gambling-related problems. We therefore recognise that responsible gambling is always a shared responsibility between the provider and its customers. We support customers by providing agreements on financial and time limits, assuring that they cannot exceed the agreed limits, even if they try to.



Studies show that around 80% of the German adult population has participated in gambling, while 1% suffer from gambling-related problems.

- » 90% of customers need universal prevention. Tipico responds to that need by providing e.g. transparent information, awareness and responsible advertising
- » 8% of customers need selective prevention. Tipico responds to that need e.g. by offering feedback, limits and reality checks
- » 2% of customers need indicated prevention such as self-exclusion, imposed exclusion or cooperation with counselling providers. Tipico supports customers by offering various possibilities, making sure exclusions are enforced strictly and establishing contact to counselling providers

Tipico has also implemented an extensive early detection system to monitor individual needs and carries out responsible gaming training for all employees in order to reach accurate implementation across the whole business.



Transparency and informed decisions are the fundamental principles of consumer protection. For this reason, it is important to us that our customers have a clear view of their gambling transactions. Our account statement makes this simple.

On our website, we also provide accurate information regarding the probability of winning. Thus, each customer may easily understand the rules.

The screenshot displays the Tipico website interface. At the top, there is a navigation bar with options like 'Sports Betting', 'Live Betting', 'Casino', 'Live Casino', and 'Classic Casino'. The user's account balance is shown as 1,596.04 €. Below this, the 'My account statement' section provides a summary of transactions, including sports betting, withdrawals, bonuses, and cash balance. A detailed table lists individual transactions with dates, booking types, and amounts. To the right, a 'Bet Slip' is shown for a bet on 'Junior Sevan - FC Ararat-Armenia-2' and 'Hertha BSC - 1899 Hoffenheim'. The bet slip details include the wager amount (4.00 €), the maximum payout (9.24 €), and the total price (4.00 €). There are also links for FAQs, contact support, and live chat.

## LIMITS AND EXCLUSION

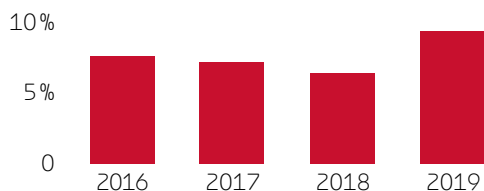
As part of our prevention methods, we offer the possibility to set limits to exclude oneself from our offers. Limits are an agreement between a customer and us to restrict their gambling involvement (time and money) to a certain budget. They are binding and all bets that would exceed these limits are rejected. The increase or revocation of limits is only possible after a mandatory waiting period of seven days, whereas the reduction of a limit to a more restrictive level is processed with immediate effect. In 2019, we offered possibilities to set the following limits:

- » deposit limits
- » loss limit
- » time limit
- » limits for maximum betting amounts
- » limits for the gaming offer

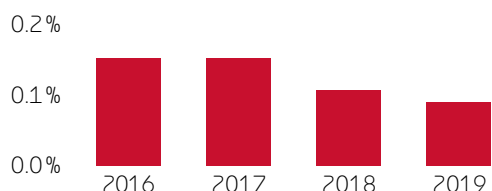
**9%** OF ACTIVE CUSTOMERS HAVE SET LIMITS

# PRODUCT QUALITY: IN SAFE HANDS

## USAGE OF LIMITS IN PERCENTAGES OF CUSTOMERS



## USAGE OF EXCLUSION AGREEMENTS IN PERCENTAGES OF CUSTOMERS



At Tipico, the usage of limits has slightly increased to around 9% of customers setting limits within 2019. This might be due to the extended awareness measures for offering these possibilities. It also goes hand-in-hand with prevalence studies stating that around 8% of gamblers might require limits as additional safeguards.

On top of that, we offer exclusion agreements where customers can request to be excluded from our offers voluntarily. As part of an exclusion, a customer will no longer be able to place bets with us online or in any Tipico shop. Per month, an average of 0.09% of our active customers requested an indefinite self-exclusion in 2019. Exclusion also leads to an exemption from all marketing. As an additional protection, an exclusion agreement is irrevocable for a minimum period of one year. Where legally possible, we synchronise exclusions with databases provided by authorities (e.g. OASIS in Germany). While by the end of 2018 around 130,000 automated OASIS queries were carried out each month, by the end of 2019 this number had increased to more than 300,000 monthly queries, expanding the number of German states where we are permitted to use OASIS to four.

The necessity for self-exclusion has been decreasing over the course of 2018 and 2019, with improvements to our player protection functionalities and processes being a key factor.

Our player protection service is rounded off by support for questions and concerns regarding responsible betting. Customer service, the RG team, as well as external partners and linked counselling providers are available to help.

Especially in the retail business, the accessibility of player protection features was dramatically increased in 2019. Instead of having to request a limit or a self-exclusion from the cashier in the shop, which for some can be a daunting and shameful experience, customers now have access to those player protection functions directly from every betting terminal.





# PRODUCT QUALITY: IN SAFE HANDS

## MONITORING AND QUALITY CONTROL

In order to tailor the player protection to each customer's individual needs, we introduced an early-detection process on the online betting platform in 2018.

Online gambling is account-based. Every gambling transaction is linked to an account which again is linked to an ID-verified customer. Therefore, behavioural data can be monitored and used for the early detection of gambling-related problems.

In case risk behaviours are noticed, RG messages are sent to give the customer feedback:

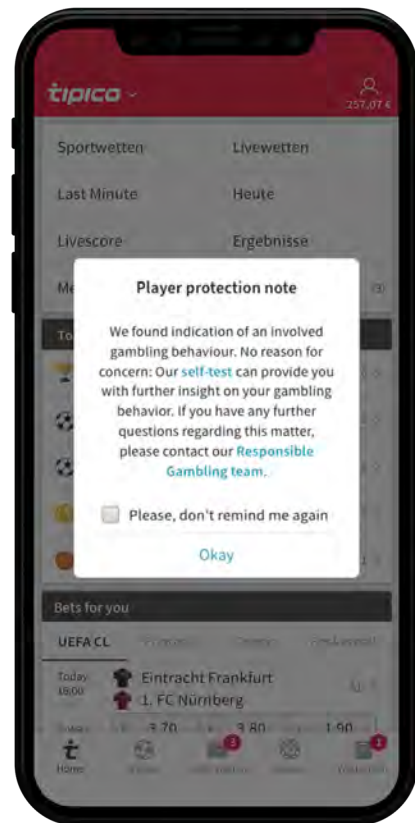
- » level 1 - increased RG information
- » level 2 - interrupting the flow of gambling with RG messages
- » level 3 - investigation by the RG team

If risk behaviour persists, the customer is confronted and a dialogue is initiated. As part of this dialogue, mitigating measures (limits, breaks, exclusions, etc.) are agreed upon with the customer. If no agreement is reached, we impose adequate mitigations for the protection of the customer (e.g. imposed limits or imposed exclusion).

Online, all player protection functionalities are largely scalable. Once evaluated for their effectiveness, we rely on them to remain effective at least in the short and medium term. This differs in the retail offer, where the protection of the customers hinges on the ability and compliance of each single employee. Therefore, constant supervision is necessary.

Our internal quality team is constantly travelling from shop to shop to foster strict adherence to regulatory requirements and internal policies. In addition to that, we work with external contractors to conduct mystery shopping exercises. In 2019, in the Retail network we conducted:

- » more than 770 quality audits (-11 % compared to 2018)
- » more than 750 mystery shopping visits<sup>7</sup> on minor protection conducted by the Tipico quality team (+152 % compared to 2018)
- » around 1,328 mystery shopping visits on minor protection, player protection and anti-money laundering (AML) conducted by external partners (+48 % compared to 2018)



<sup>7</sup>Test purchases in our retail business



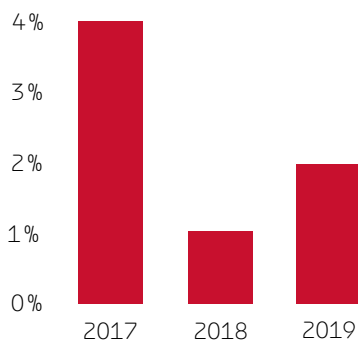
## RETAIL AUDITS 2019



## FINANCIAL IMPACT OF PROBLEM GAMBLERS AND MINORS

A consistent approach towards the protection of minors and vulnerable players is only possible if we manage to minimise any dependencies on revenues derived out of these problem areas. Therefore, we track turnover that had been generated by potential problem gamblers before they were detected and excluded from our offers.

## FINANCIAL IMPACT OF PROBLEM GAMBLERS IN PERCENTAGES OF TURNOVER



Compared to the baseline year of 2017, in 2018 and 2019 we were able to reduce the contribution of problem gamblers to our turnover to about half. This is due to improvements to the RG functionalities on our platform and the introduction of algorithms for early detection of potential problem gamblers. It allows us to identify risk behaviours early and assign adequate protective measures to those players. Nevertheless, we still follow the goal of decreasing this number even further. As a basis to help customers make responsible decisions, we provide comprehensive information on relevant topics such as game information, probability of winning and risk awareness

on the company's own RG website. Around 25,000 people visited the page in 2019, 65 % from German-speaking countries. Thereby simplicity is key in order to reach all customers. In 2019, around 72 % of customers rated our player protection materials as easy to understand. Additionally, thanks to the transparent account overview, our customers can view all relevant information on their bets as well as incoming and outgoing payments at any time.



## REVIEW OF 2019 AND TARGETS FOR 2020:

We successfully managed to improve player protection in our retail business. The roll-out of player protection functions to betting terminals made those functions more accessible for our retail customers. A notable increase in mystery shopping visits allowed us to assure that our partners live up to the high standards Tipico stands for. We did however not succeed to further decrease the financial impact of funds from players who would later decide to self-exclude. While the number of self-excluders did decrease, the funds they lost before excluding did not. We will focus on further improving our capabilities in the early detection of problems in order to recognise those at-risk players earlier. For 2020 the following targets have been set:

- » further reduce the financial impact of problem gambling
- » strengthen our capabilities for early detection of problem gambling
- » further promote and increase the usage of early-intervention tools like limits
- » launch an all-encompassing player protection concept based on German gambling regulations





## RESPONSIBLE BUSINESS OPERATIONS: OUR APPROACH



### WE ARE COMMITTED TO:

- » continuously improving performance and meeting all applicable laws
- » working against corruption in all its forms, including extortion and bribery
- » continuously improving the framework for the prevention of money laundering
- » respecting the privacy of customers and using modern and secure data protection technologies
- » reviewing policies and business practices continually to encourage engagement with business partners and to promote development
- » operating in a way that safeguards against unfair business practices
- » supporting and respecting the protection of internationally proclaimed human rights
- » following highest standards as directed in the Tipico Ethics Code

### IN 2019:

- » 99% of core employees successfully completed the mandatory General Data Protection Regulation (GDPR) training
- » 97% of employees participated in the Anti Money Laundering (AML) training.
- » we implemented an extensive GDPR awareness campaign around the Group
- » we introduced new roles such as a new Internal Audit and Risk Manager, a Retail Compliance Manager and a Deputy Money Laundering Reporting Officer
- » an extensive risk evaluation of the whole Group has been carried out
- » besides our existing licences another new licence application for Germany was prepared
- » zero whistleblowing reports were registered to the external independent ombudsman



## COMPLIANCE AND RISK MANAGEMENT

Trustworthiness is not only rated as one of the most important attributes of a sports betting provider, but it is also one of the highest rated attributes of Tipico. Especially long-term customers evaluate us as particularly trustworthy.<sup>8</sup> At the same time, an important goal is to be a trusted partner for regulatory authorities as well. At Tipico, we therefore focus on running our business in a transparent, fair and compliant way. Our offers and services are based on licences issued by the Malta Gaming Authority as well as a sports betting and online casino licence in Schleswig Holstein.

2019 was further characterised by extensive preparatory efforts for licensing. In addition to the developments in the German regulatory landscape and with the goal of obtaining another nationwide licence for Germany, a project focusing on the licence application was brought to life at the beginning of 2019.

The preparation for the application was completed in December. The preparation for the application was completed in December. The tender for the licensing process was made public by the EU on the 31 December 2019 and Tipico filed its application in early 2020.

We continue to actively advocate for the implementation of regulatory frameworks, which are associated with strict quality criteria, in all markets. We are a member of the German Sports Betting Association (DSWV), which was founded in 2014 by leading German and European betting providers as well as the Österreichischer Sportwettenverband (OSWV). The primary concern is to constructively advocate for the further development of sports betting regulations, which particularly include the aspects of player and youth protection as well as addiction prevention. A list of all associations can be found in Appendix 3.

As a business framework unit, our compliance department is located in the headquarters of the Tipico Group. The compliance department manages licensing, compliance, anti-money laundering, responsible gambling and communication with regulatory authorities. It also analyses regulatory risks and consults all business areas concerning the implementation of reg-

<sup>8</sup>Tipico (2019) Brand Tracking Report







ulatory requirements, providing relevant Group guidelines and training content. Employees can additionally direct their compliance-related questions and issues to the team. In the reporting year, new structures were created within our compliance organisation and its staff expanded. New roles implemented in 2019 have been another dedicated resource for retail compliance as well as a Deputy Money Laundering Reporting Officer.

In order to manage our compliant operations internally, we have developed a compliance management framework based on tools already in use for agile software development processes. Our compliance management system is an integrated system comprised of written documents, functions, processes, controls and tools that help the organisation comply with legal requirements and minimise potential violations. It was built to be as transparent as possible about the organisation's compliance efforts. It allows us to measure or track compliance projects, controls and deadlines with the opportunity to address the risks relevant to the organisation, while also meeting multiple requirements.

# RESPONSIBLE BUSINESS OPERATIONS: OUR APPROACH

In 2019, we further improved our retail compliance management. The recruitment of another dedicated resource for retail compliance and the improvement of existing technical and operational capabilities has permitted us, on the one hand, to have an even clearer picture of the compliance level of our retail business and partners, and, on the other hand, and as a result of that, to reduce risks and enhance the general level of compliance.

Our efforts are not only visible internally. In 2019, we did not receive any significant fines or non-monetary sanctions for non-compliance as described in the Global Reporting (GRI) requirements:

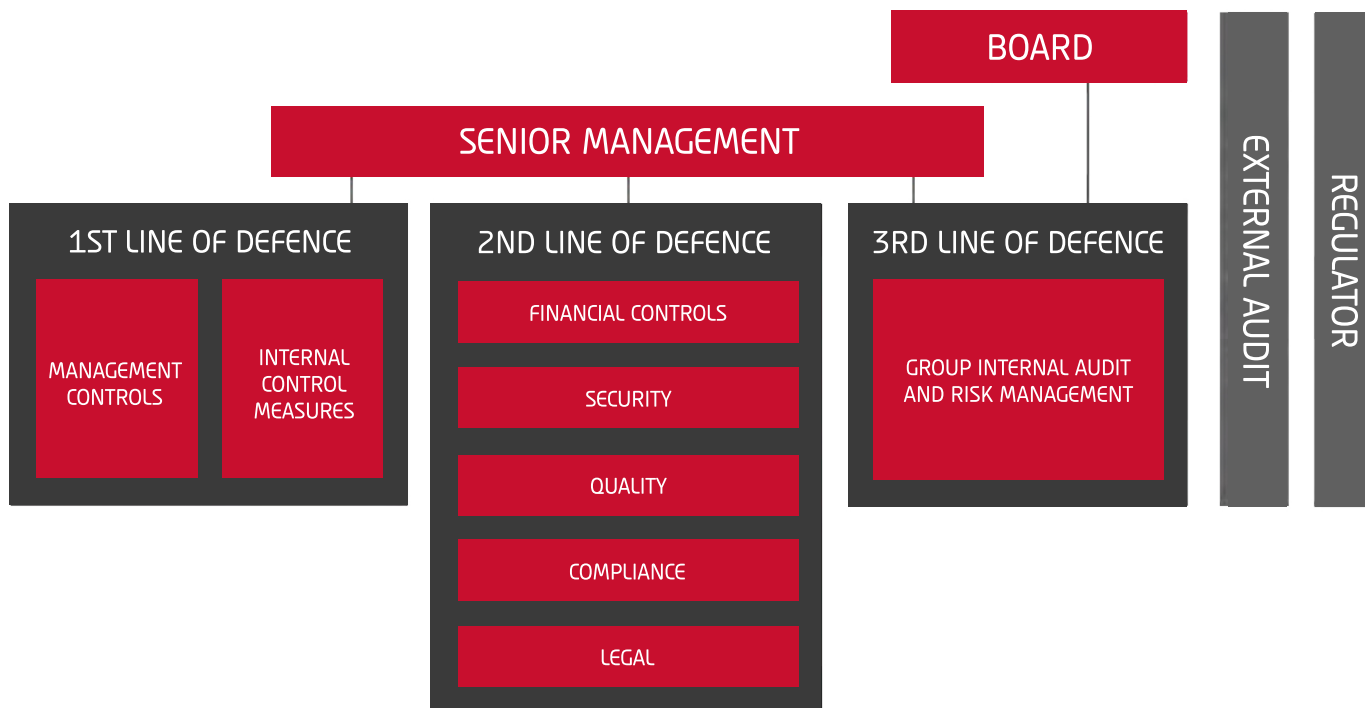
GRI	DESCRIPTION
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
GRI 419-1	Non-compliance with laws and regulations in the social and economic area
GRI 417-2	Incidents of non-compliance concerning product and service information and labelling
GRI 417-3	Incidents of non-compliance concerning marketing communications
GRI 307-1	Non-compliance with environmental laws and regulations

## UNDERSTANDING AND MANAGING OUR PRINCIPAL RISKS

In order to enable the business to focus on achieving its strategic objectives and sustainable long-term growth, the identification and active management of both existing and emerging financial and non-financial risks is paramount. Tipico recognises both the threats and opportunities arising from these risks. This drives a better understanding of risk appetite, tolerance and management across the Group's entities and locations.

To visualise our risk management approach, we use the 3 Lines of Defence Model. At Tipico, the first line of defence is provided by operational management. They have ownership, responsibility and accountability for directly evaluating, controlling and mitigating risks. Internal governance is further supported by departments with controlling functions such as Compliance or Data Governance. These departments have a risk minimising role in which they support the identification of risks and the implementation of effective risk management tools. Our Group Internal Audit and Risk Management team takes responsibility for the third line of defence.





## GROUP INTERNAL AUDIT & RISK MANAGEMENT

The Internal Audit & Risk Department was established in 2018 and was extended in 2019. The team is not involved in operational decision-making and provides independent oversight on the efficiency and effectiveness of governance and internal controls. The team further supports the company in achieving the strategic objectives and sustainable long-term growth by assisting management in identifying and actively managing their existing and emerging key risks and thereby supports us in our efforts to be a trusted partner for all. The responsibilities of our Group Internal Audit and Risk Management team encompass:

- » aligning risk appetite and strategy
- » enhancing risk response decisions
- » reducing operational surprises and losses
- » identifying and managing cross-enterprise risks
- » providing integrated responses to multiple risks
- » seizing opportunities
- » improving deployment of capital

Our Group Risk Management function provides support and facilitation to line managers who are primarily responsible and accountable for managing risk within their respective areas.

## OUR RISK MANAGEMENT FRAMEWORK

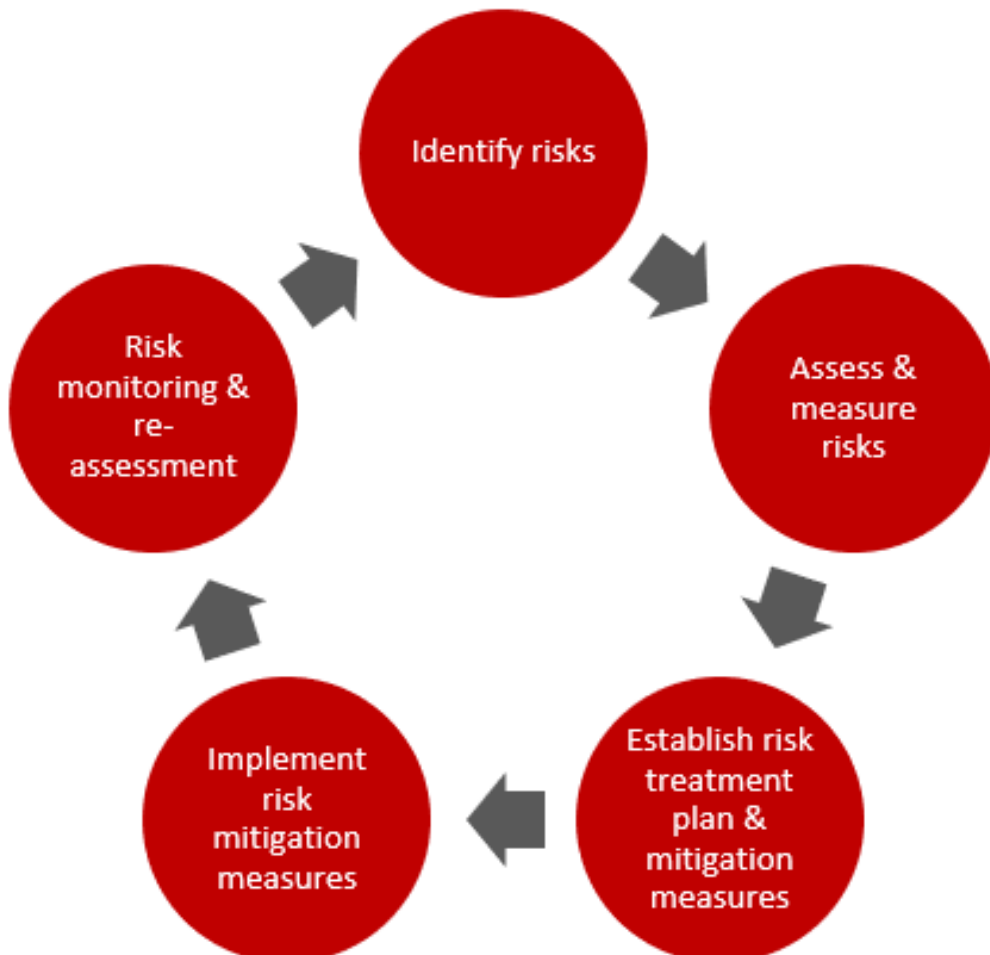
The Group's risks are managed through detailed processes that emphasise the importance of achievement of strategic objectives, regulatory and licence compliance, integrity, trustworthiness, public accountability, and operational excellence. Successful risk management is furthermore seen as an opportunity to set us apart from our competitors.

Our Group's risk management framework seeks to ensure that there is an effective process in place to manage risk across all of the Group's entities and locations. Risk management is integral to all aspects of the Group's activities and is the responsibility of all staff. Our top management has a responsibility to evaluate the risk environment, put in place appropriate controls and monitor the effectiveness of those controls. The risk management culture emphasises careful analysis and management of risk in all business processes, in order to make risk-informed decisions.

In 2019, a comprehensive bottom-up review of risks was undertaken throughout the Group, supported by around 30 facilitated risk workshops with all functions within the Tipico Group. To ensure that all potentially material risks have been identified, owners agreed, and management/mitigation plans were established accordingly.

The principal risks and uncertainties which are considered to have a potentially material impact on the Group's long-term performance and achievement of strategy were set out. External and internal risk factors were considered. These have been agreed with the Corporate Risk Committee and will be reviewed on a quarterly basis going forward. Group Internal and Risk management will monitor management of these key risks.

The process thereby followed the risk management process flow which may be described as followed:



<b>IDENTIFY RISKS</b>	<ul style="list-style-type: none"> <li>» Risk identification exercises and methodology applied across the Group to identify key risks</li> </ul>
<b>ASSESS &amp; MEASURE RISKS</b>	<ul style="list-style-type: none"> <li>» Risks and controls in place are analysed to identify root cause and assessed in terms of impact (management effort, financial impact, reputation) and likelihood of occurrence using a 5x5 risk assessment methodology</li> <li>» Risk categorisation; Strategic, Governance, Legal &amp; Regulatory, Security, Financial, Commercial &amp; Operational, People, Technology</li> </ul>
<b>ESTABLISH RISK TREATMENT PLAN &amp; MITIGATION MEASURES</b>	<ul style="list-style-type: none"> <li>» Risk owner allocation and determination of risk treatment plan – Accept, Reduce, Transfer, Terminate</li> <li>» Current risk mitigation measures are analysed, and improvements in the risk mitigation measures and internal controls are determined</li> </ul>
<b>IMPLEMENT RISK MITIGATION MEASURES</b>	<ul style="list-style-type: none"> <li>» Management implements the risk mitigation measures and internal control improvements bringing the residual risk to an acceptable level within Tipico's risk tolerance thresholds</li> </ul>
<b>RISK MONITORING &amp; RE-ASSESSMENT</b>	<ul style="list-style-type: none"> <li>» Progress of the risk mitigation measures and internal control improvements are tracked and monitored by management, aided by the Group Internal Audit &amp; Risk Management's evaluation of the design and effectiveness of the control and risk management procedures</li> <li>» Principal risks are reported to the Corporate Risk Committee</li> <li>» Risk management as a continuous process – risks are analysed and assessed for changes in impact and likelihood</li> </ul>

## KEEPING YOUR DATA SAFE

Data protection (GDPR) is all about taking care of our customers and employees. As numbers of both customers and employees are increasing steadily, it is therefore of high relevance to us to continuously improve our data security.

While the Data Protection Authorities (DPAs) have extended measurements and guidance on how to comply even further during the reporting period of 2019, simultaneously we experienced high demand for information by our customers as well. In 2019, we therefore set up a data subject access request process along with an updated transparent privacy policy section where customers can exercise their data subject rights. As a result, more than 20,000 data subject access requests were handled in close collaboration with Customer Service and our Tipico Data Protection Officer (DPO) office. The latter was established in previous years to ensure continuous efforts towards our customer privacy compliance.

As accountability is the backbone of the GDPR, in 2019 we further dissolved the GDPR project management structure and started the transition of the work streams into line organisation.

## ACCOUNTABILITY AT THE CENTER OF EVERYTHING WE DO

Our **vision** is to evolve to an enterprise data protection aware and comply culture

### Ownership

Privacy management activities are embedded throughout the organisation within each function or business unit that processes personal data.

### Responsibility

Privacy management activities have been implemented and are maintained on an ongoing basis.

### Evidence

Documentation is produced as a result of a privacy management activity that can be used as evidence of accountability and compliance.

***Inject Data Protection in the DNA of the organization and enable a data protection aware and comply culture.***

In order to embed the topic even further within the company, various GDPR awareness actions and training sessions were also carried out in 2019:

- » we successfully launched the mandatory GDPR refresher training. Around 99 % of Tipico Office employees and 91 % of Tipico Retail employees have completed the awareness training
- » the new “10 Golden Rules of Data Protection and Security” for all Tipico employees were launched in 2019 including ten supporting awareness videos for our employees
- » two article communications have further been dedicated to GDPR
- » a Tipico Employee Privacy Statement for all Tipico employees was introduced in conjunction with the GDPR refresher training

The Group Data Protection Policy has also been revised and now adheres even better to the purposes of the German market as well as reflecting recent guidelines from the European Data Protection Board. In 2019, our DPO Office was made aware of 28 (potential) data breaches. None of these cases of potential data breaches were reported to the Information and Data Protection Commissioner (IDPC) based on a thorough investigation of the potential impact on rights and freedom of the data subjects.

POTENTIAL DATA BREACHES REPORTED	2018	2019
Observations reported to DPO (internal)	24	28
Incidents reported to IDPC by DPO	2	0
Within 72 hours (target 100%)	100%	N/A

Further to the above, we received one complaint from outside parties/regulatory bodies. Tipico confirmed full cooperation in this investigation and was requested to make its submissions on this case, which has been done in detail.

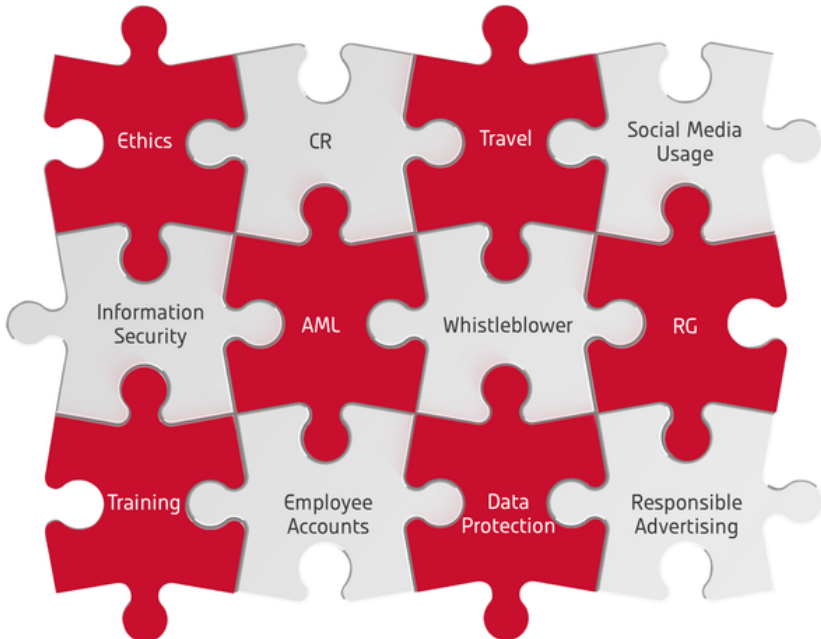
Tipico was furthermore confronted with cyberattacks in 2019. Due to the existing technical and organisational measures, we were able to block these attacks and are confident for the future. In the cybersecurity domain, we collaborate with our industry leading partner Akamai and have protection solutions in place that prevent confidentiality breaches (bot protection), integrity breaches (web application firewall) and network level attacks (DDoS protection). Through diligent monitoring of our environment and analysis of the logged events, we are able on an uninterrupted basis to improve our measures and stay ahead of security threats. We have been able to successfully cope with all of the current cyberattacks at this moment, and will provide continuous efforts and resources in order to further improve our technical and organisational measures in the future in close collaboration with IT Security and Digital teams and thus be able to tackle future cyberattack attempts as well.

In addition, our high standards were revived by licences and certification, including the certification for the international standard for information security management systems ISO/IEC 27001:2013 (certified by TÜV Rheinland CERT) for which we passed an audit again in 2019.

### GOVERNANCE

We have flat hierarchies and consequently the management should not and does not strive to micromanage every single decision. Rather, our company builds on the competencies of all employees and therefore delegates authority for many business processes. That way, we achieve the greatest possible operational ability to act and ensure that the management can focus on the most important decisions. By using the expertise on all levels, the company can progressively and quickly adapt to a market in which change is the only constant. Therefore, we established a Delegation of Authority, which governs responsibilities and allowances.

Whenever people work together, the structure and guidelines underlying this cooperation play a key part in success. For this reason, we have developed a set of corporate guidelines, which conform with international laws, ethics standards and our values. They meet the needs of an internationally operating company. Our Tipico Corporate Practice serves as a guide in our daily work. It includes the following topics:





# RESPONSIBLE BUSINESS OPERATIONS: OUR APPROACH

## BUSINESS ETHICS: OUR ETHICS CODE SERVES AS A FOUNDATION FOR OUR APPROACH

At Tipico, all employees and consultants are required to understand and comply with our ethics standards, which are reflected in our values as well. In 2017, we therefore developed our Tipico Ethics Code which intends to provide guidance to all employees with respect to their responsibilities at the company, with the particular target of creating awareness about anti-corruption and anti-bribery laws in order to enable all employees to recognise potential issues and deal with them appropriately. One of the core principles is that we do not tolerate any form of corruption. Therefore, we actively work with stakeholders to avoid any situation that could be construed as such. Employees and consultants are not allowed to use their position at Tipico to request or accept anything of value or the promise thereof beyond the scope of moderate and appropriate gifts. Every employee receiving gifts and hospitality exceeding the value of cumulatively €150 within a year is required to declare all these to the central register of the compliance department. The same applies to conflicts of interest. All potential cases must be reported in order to allow for a transparent discussion of the involved risks and for

an appropriate solution for the employee and Tipico. To avoid conflicts of interest, any direct or indirect use of the company's own gaming and betting offers – except on designated employee accounts – is forbidden for all our employees. Further, company facilities may only be used in a manner that suits our values. For the same reason we do not make any financial contributions to politicians, political organisations or political parties.

To foster ethical business behaviour, we practise the approach that every employee should report any perceived concerns, risks or misconduct without having to fear sanctions. As part of our Whistleblowing Policy, we have therefore instituted an external, independent ombudsman as a contact for whistle-blowers. While in 2018 four reports were registered across the Tipico Group via the whistleblower system, of which one could be substantiated, in 2019 no report was registered.

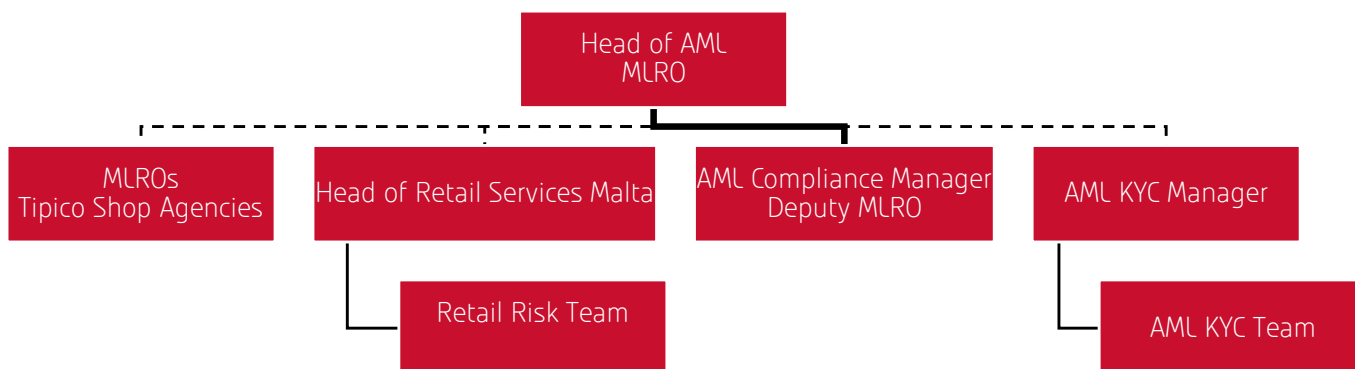
In 2019, **ZERO** whistleblowing reports were filed to the external independent ombudsman.

## ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

In 2019, we continued strengthening our internal anti-money laundering (AML) and combating the financing of terrorism (CFT) organisations, and teams were expanded in order to drive AML/CFT compliance. That was especially necessary as we are confronted on a daily basis with monetary transactions by customers which lead to a responsible handling by Tipico.

The Group Money Laundering Reporting Officer (MLRO) is a Certified Anti-Money Laundering Specialist (CAMS®) and TÜV-certified Money Laundering Reporting Officer. He is a Founding Member and Vice-Chair of the Board of the ACAMS® Malta Chapter and member of the Berufsverband der Compliance Manager in Germany.

As visualised in the AML Organisation, the MLRO is further supported by several teams across the company.



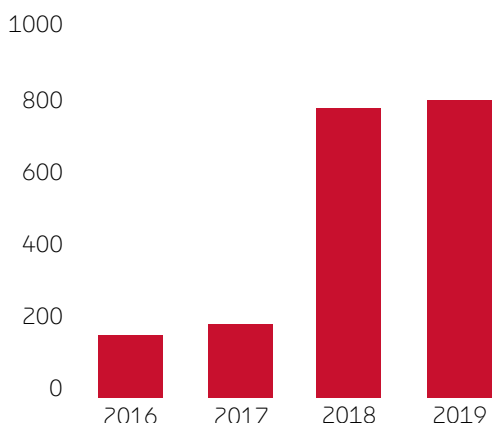
Retail and Online operations are monitored on a daily basis by the AML/KYC Team, the Retail Risk Team, and also by an external partner, the Kerberos Compliance-Managementssysteme GmbH, a regulatory compliance tech company with strong expertise in the field of money laundering prevention.

Our entire Group follows an AML/CFT policy which creates awareness and explains what to do in case of suspicion of criminal activities. Several subordinated procedural guidelines advise the operational teams on how to carry out customer due diligence, investigate potential matches for politically exposed persons and sanctioned individuals and assess suspicious behaviour.

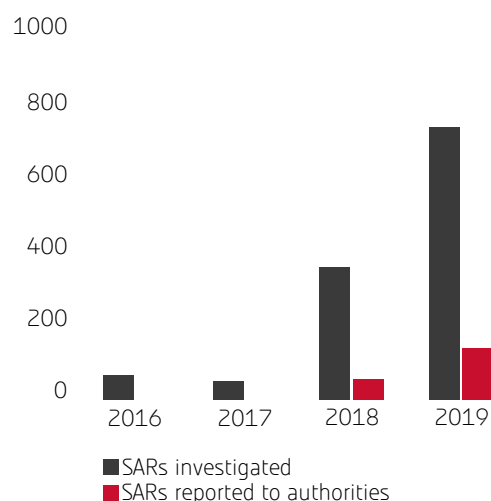
In 2019, a constantly very high percentage of Tipico Group employees were trained in AML/CFT (around 97%). Additional training was carried out on a regular basis for employees working in the Tipico shops. In 2019, a total of 1,598 retail employees attended on-site training in AML/CFT.

Over the last years, all suspicious transactions were reviewed internally and forwarded to authorities in cases of corroborated suspicion. Becoming an obliged entity under respective AML laws, in 2018, we increased our focus even further. With the help of an extended team, systematic controls and even stricter criteria, the number of investigated cases and the number of suspicions reported to the authorities were further increased in 2019.

**AML TRAINING BY TIPICO GROUP EMPLOYEES**



**SUSPICIOUS TRANSACTIONS INVESTIGATED**



## RESPONSIBLE BUSINESS OPERATIONS: OUR APPROACH

In 2019, additional new tools were implemented to identify customer accounts which pose a higher risk than other customer accounts, but also to give employees the means to report suspicious observations more efficiently. Internal investigations were carried out by designated teams and the outcomes thereof documented. Suspicious transaction/activity reports (SAR) were submitted externally to the relevant authorities in Germany and Malta.

Furthermore, all customer identification, customer due diligence (CDD), enhanced due diligence (EDD) and the company's own risk management processes are under continuous review in order to comply with all legislations. For instance, more than 1,000,000 (+150,000 compared to 2018) politically exposed person (PEP) and more than 620,000 customer verifications were carried out.



## REVIEW OF 2019 AND TARGETS FOR 2020:

In 2019, all risks and uncertainties with an impact on the Group's long-term performance and strategy achievement were collected and mitigation strategies established. In addition, the prevention of money laundering was strengthened, which becomes visible e.g. by the number of SARs and SARs reported as well as by the extended team and the high number of employees trained across the whole Group. In terms of data protection, we started the transition of the work streams into line organisation in order to increase accountability. Furthermore, an awareness campaign was implemented across Tipico entities and collaboration between the DPO and the Customer Service team was strengthened for the purpose of handling all data subject access requests. For the year 2020 the following targets have been set:

- » monitoring of identified risks and implementation of mitigation strategies
- » review and complete Tipico Register of Processing (GDPR Art 30) including all new processing activities
- » all Tipico owned websites and landing pages should have the cookie consent management solution implemented
- » further ensuring effective GDPR awareness, communication and training
- » complete enterprise systems inventory by department
- » review of the Tipico data retention matrix and implemented deletion practices
- » continuous effort to further draft all required data protection impact assessments
- » cybercrime and data breach notification optimisation via further alignment between different departments
- » appropriate and licence-oriented shaping of the AML compliance including enhanced training and new AML organisational parts and colleagues considering the diverse Group business activities
- » constantly more than 97% completion rate of the AML training among Tipico employees



## BEYOND BUSINESS OPERATIONS: HOW WE ENGAGE IN OUR COMMUNITIES



### WE ARE COMMITTED TO:

- » expressing our values through charitable giving and corporate projects
- » supporting active involvement in the communities through volunteering initiatives
- » supporting employee driven activities
- » focussing on close cooperation with selected partners to guarantee long-term success

### IN 2019:

- » we published a CR policy, awarding employees various opportunities and responsibilities
- » 14 options for participation in charitable sporting activities were offered across sites
- » a website auctioning unique sports articles for charitable purposes was launched
- » we extended our corporate social responsibility (CSR) activities across sites and carried out various events and projects for good causes
- » more than 1,000 hours of community work were carried out by employees
- » more than €315,000 was donated in the field of healthcare, prevention research and social development



## OUR COMMUNITIES: CONTRIBUTION THROUGH EMPLOYMENT AND TAXES

In 2019, all our business activities increased continuously, resulting in even more contributions to the local economies of our operations. We contribute not only by providing products, but also through employment, taxes and social community involvement. As a leading provider of sports betting in the German market, we observe our duties and pay sports betting taxes in Germany as well as tax on our online casino offers. We furthermore pay sports betting taxes in Austria and Malta. Due to increased turnover over the last few years, taxes benefitting the economies increased as well.

A stable regulatory environment, including experienced regulators like the Malta Gaming Authority (MGA), are key to running a successful sports betting company. Malta is offering both, and was the first EU Member State to enact comprehensive legislation in this field in 2004. Malta is thereby seen as one of the foremost tested jurisdictions in the world, following a consistent approach to regulation, while keeping requirements at a high standard. Over the years, it has developed itself into a hub of gaming excellence, providing an extensive network for gaming companies. For this reason, our headquarters are located in Malta, while our main market remains Germany. With a market share of over 50% in Germany, the offer has a high availability around the country. As a result, the number of provided workplaces in these two countries are the highest.

WORKPLACES OFFERED BY TIPICO IN 2019:		GAMBLING TAXES PAID:	
Malta	> 310 workplaces	» Sports betting taxes in Germany	
Germany	> 250 workplaces	» Online casino taxes in Germany	
	> 1000 including own shops	» Sport betting taxes in Austria	
Croatia	> 140 workplaces	» Sport betting taxes in Malta	
Colombia	> 20 workplaces	» Online casino taxes in Malta	
Austria	> 18 including own shops		
Gibraltar	> 7 workplaces		



As we are well integrated in all locations of operations, we support all local communities with a special focus on Germany and Malta. In 2019, Tipico further prepared for applying for a licence in Germany.

# BEYOND BUSINESS OPERATIONS: HOW WE ENGAGE IN OUR COMMUNITIES

## HOW OUR EMPLOYEES ENGAGE: SPORTS FOR CHARITY

In our company culture, we share the belief that ability progresses through active involvement. Therefore, employees are given opportunities to get involved. In 2019, we organised several charitable sporting events, organised auctions of sports equipment and initiated three extensive CSR Days – two in Malta and one in Germany. Around 160 employees participated at least in one of the events, resulting in more than 1,000 hours of community work.

In 2019, Tipico introduced a CR Policy including not only social and environmental commitments and guiding processes such as company donations but also benefits for employees and the whole community. The CR Policy states that each employee has several opportunities to get involved in charitable activities:

			
CSR tournaments, charity races & sports auctions	Up to 2 days for volunteering per employee	Support of people's own projects	Matching of donations

## SPORTS FOR CHARITY

We are not only a partner of the German Football Bundesliga and FC Bayern Munich; our passion shines through in our voluntary work and responsible actions within society. That is why, beyond our sponsorship commitments, we also promote our own charitable sports events as well as the charity campaigns of partner associations non-profit organisations and foundations. In 2019, Tipico employees were able to participate among others in the following sporting events:

CHARITY RUNS	SPORT DAYS	CHARITY TOURNAMENTS
<ul style="list-style-type: none"> <li>» Sponsor of Solidarity and Fun Run Malta</li> <li>» Various charity walks and runs</li> <li>» Wings for Life run</li> <li>» Run for Life</li> <li>» Alsterlauf Hamburg</li> <li>» Charity Run Croatia</li> </ul>	<ul style="list-style-type: none"> <li>» Sports Day Malta</li> <li>» Sports Day Germany</li> <li>» Sports Day Croatia</li> <li>» Several smaller events were also planned and some ongoing running groups and football teams trained throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>» Charity football tournament in Croatia</li> <li>» Charity football tournament in the UK</li> <li>» Charity football tournament in Malta</li> </ul>

The tournaments covered include the Trophy Dinamo Cup, one of the biggest charitable football events in Croatia and the Blexr Cup. Over € 4,000 was raised for charity during that tournament and the Tipico team finally brought home the cup after a tough game.



For each Tipico employee participating in a charity race, €30 was donated. During all other events donations were raised for charity or winning teams who were allowed to decide on charities which were supported by Tipico.

## AUCTIONS OF UNIQUE SPORTS EQUIPMENT FOR CHARITY

**tipico**

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» LIVE AUKTIONEN

» BEREITS BEENDETE AUKTIONEN

TEAMSIGNIERTES TSG 1899  
HOFFENHEIM HOME-TRIKOT 2018/19,  
GR. XL



TEAMSIGNIERTES SK STURM GRAZ  
HOME-TRIKOT 2018/19, GR. XL



TEAMSIGNIERTES FC INGOLSTADT 04  
HOME-TRIKOT 2018/19, GR. M



TEAMSIGNIERTES HAMBURGER SV  
HOME-TRIKOT 2018/19, GR. L





# BEYOND BUSINESS OPERATIONS: HOW WE ENGAGE IN OUR COMMUNITIES

Whether auctions of unique sports paraphernalia such as jerseys or scarves, or balls signed by football stars – the proceeds from these events always benefit charitable projects in the area of sports and health.

In 2019, Tipico set up its own platform for charitable auctions of sports equipment. All revenue from this platform was donated to a project which offers innovative sports-related aid projects for young adults with reduced access to education and training. The highlight of these auctions has always been VIP tickets for football games of our partner Bayern Munich. Tipico also collaborated with the following partners to support them in their own auctions for charity:

- » United Charity
- » Sporthilfe Austria

In addition, internal auctions for Tipico employees were set up. Employees were able to auction products for charity. The collected donations were then doubled by Tipico and given to local organisations.

## VOLUNTARY ENGAGEMENT AND EMPLOYEE-DRIVEN INITIATIVES

Besides sporting activities for the good cause and charitable giving, the strategy focuses on supporting active involvement in the communities through volunteering days and employee-driven initiatives. In this context, progress is ensured by implementing everyone's skills to play a part. In 2019, three major events were organised:

- » Tipico CSR Day Malta
- » Tipico CSR Day Karlsruhe
- » Public CSR Day Malta

In Malta around 120 employees committed themselves to charity at the CSR Day 2019. All projects we offered were either pursuing the community's goal or supporting the environment. The CSR Day began with specialist presentations on topics such as the resource-saving use of water, effective waste separation and biodiversity projects in Malta. Subsequently, employees signed up for different groups. Among them was a group that, in cooperation with Ambjent Malta, started the planting of around 1,500 trees in Ta' Qali National Park and another group that supports the Marsaxlokk nature reserve. Due to the high development of the island, ecological compensation areas and parks are of great importance. Other groups helped with maintenance work and gardening for Inspire Foundation or supported the Tomasina Cat Sanctuary with its daily tasks and helped with a book market in the MSPCA Charity Shop. A sixth group participated with the local organisation Zibel in a sand shifting and beach restoration campaign. The aim of this campaign is not only to upgrade the area, but also to set a good example at the same time.





*“The work is just very rewarding, and you know that you’ve done something good”*

*Tatjana, 2019*

In Germany, employees could decide to support either the Black Forest Nature Park or an animal welfare project. The Group, which was active in the Black Forest Nature Park, removed more than 2,000 Tubex growth covers from the city forest near Winterdorf and disposed of it professionally. The plastic growth covers were used after the hurricane “Lothar” to protect young plants and accelerate their growth. In December 1999, Lothar had drawn a path of devastation through Western and Central Europe. In Baden-Württemberg, three times the annual harvest, 30 million cubic metres of trees, fell victim to the storm. At the animal sanctuary in Pfinztal, a subgroup took care of providing the animals with freshly painted winter quarters, while the rest of the Group devoted itself to fortifying the goat slope. Despite taking on different tasks,

in the end what they all had in common was that they went home completely exhausted, but very satisfied.

During another offered opportunity, the public CSR Day in Malta, Tipico employees decided on a beach clean-up in a Nature 2000 reserve in Pembroke in collaboration with Nature Trust. Being aware of the negative impacts of plastic waste on the oceans, our employees got involved in supporting the project. Nature Trust was more than happy that some Tipico employees and their friends and family spent their time improving the quality of the reserve and prevented the plastic from getting into the ocean.

*“We did something great for the environment, spent a sunny day outside and had the possibility to work together as a team. I especially liked the fact that we were such a mixed team and I got to know people from different departments”*

*Helena, 2019*

In a nutshell, at the CSR Days in 2019, our employees:

- » got involved in planting 1,500 trees
- » cared for around 2,000 further trees by removing growth covers
- » increased the potential of a charity shop
- » cleared two parks
- » supported two animal care centres
- » organised two beach clean-ups

To get an insight into our work during the CSR Days, check out the videos on our Group page. Supporting employee-driven initiatives is seen as a way to offer incentives for employees to get engaged in charitable activities and to align closely with the Tipico corporate culture. Employees might request materials needed for planning their own initiatives, or Tipico might double the donations collected by employees. Projects range from ventures initiated and independently organised by employees to departmental and company events.

Further employee driven initiatives supported in 2019:

- » charitable get-together
- » collecting food for the Foodbank
- » internal charity auctions
- » charity tournaments and charity races
- » packing packages for people in need
- » organizing a breast cancer awareness day

# BEYOND BUSINESS OPERATIONS: HOW WE ENGAGE IN OUR COMMUNITIES

## MONETARY SUPPORT

In addition to the diverse projects and more than 1,000 hours of voluntary work, in 2019 we spent:

more than **€115,000** of direct and indirect donations on supporting charitable projects in the local communities

around **€200,000** on research to prevent gambling addictions and player counselling programmes within our main markets

To guarantee long-term success, Tipico focuses on close cooperation with selected partners. Tipico follows strict internal guidelines and emphasises the support of projects that suit Tipico values and meet our own sustainability requirements. Thus, Tipico creates win-win situations and adds value to the whole community.

Every project, organisation and association that has been supported pursues charitable purposes. Additionally, the type and scope of support that the company offers is regulated internally by the ethics code.

As customer health and safety is of the highest priority to us, in 2019 around €200,000 was spent on research to prevent gambling addiction and player counselling programmes within the main markets in Germany and Austria. In addition, we donated more than €115,000 to charitable projects within the local communities of the Tipico Group entities.

## REVIEW OF 2019 AND TARGETS FOR 2020:

With the release of the CR policy, we managed to reach a Group-wide unified approach towards community involvement which offers employees various opportunities to engage. Furthermore, we were able to extend our community involvement by two additional CRS days and various sporting events for charity across the whole Tipico Group. For 2020 the following targets have been set:

- » renew CR policy in order to integrated extended commitments and measures
- » keep sporting initiatives and voluntary engagement at a high level
- » increase integration of further business entities, especially Croatia





## OUR ENVIRONMENTAL IMPACT: LESS IS MORE



### WE ARE COMMITTED TO:

- » measuring our environmental performance by use of Global Reporting Initiative standards
- » evaluating environmental impacts of facilities and operations with a focus on implementing a continuous improvement process
- » using natural resources efficiently to minimise waste
- » using innovations and technologies to minimise atmospheric emissions
- » promoting awareness regarding environmental guidelines for employees and the public
- » considering environmental impacts in purchasing processes

### IN 2019:

- » we reduced the emissions resulting from the usage of data centres by around 88 %
- » we reduced our carbon emissions resulting from business travel by plane by around 26 %
- » started tracking paper consumption and introduced awareness campaigns
- » we organised three CSR Days, including the planting of more than 1,500 trees

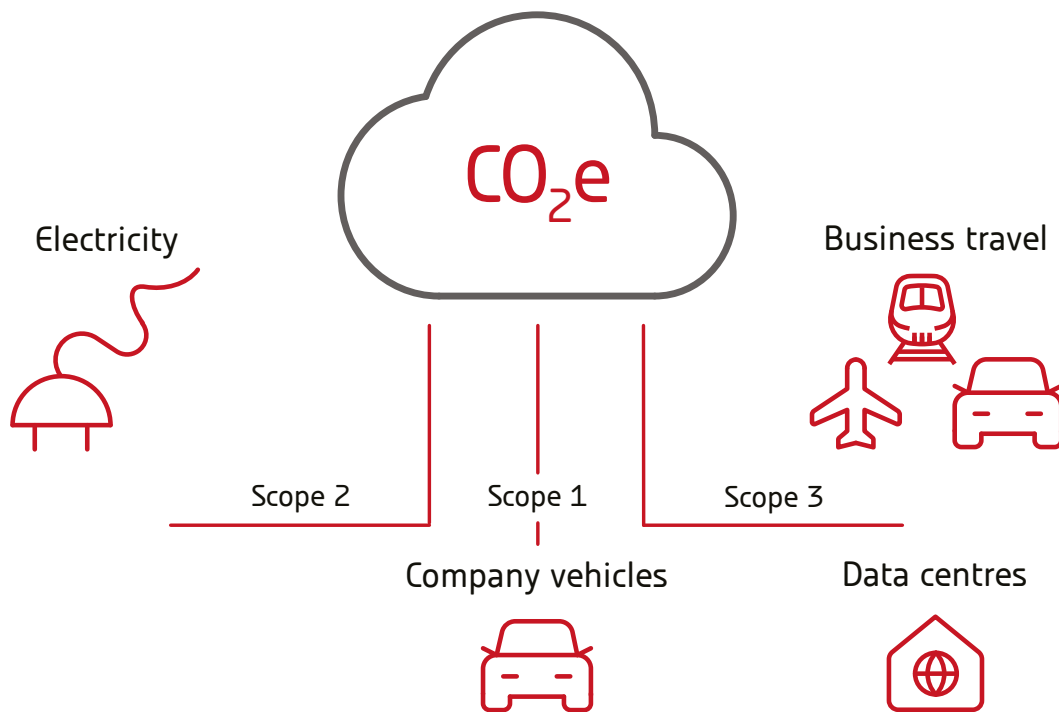


## OUR IMPACT: FROM ELECTRICITY TO WASTE MANAGEMENT

We recognise our impact on the environment and therefore focus on reducing negative effects. Over the last two years, we have been able to reduce the impact from, for example, carbon emissions resulting from our data centres and flights, dramatically. We also managed to extend our focus areas and reduce inputs such as paper consumption.

Even though environmental impacts are not considered a main risk, and we did not identify any non-compliance with environmental laws or regulations, we support a precautionary approach and integrate environmental responsibilities and considerations into daily operations and business decision-making processes.

As a digital company, our focus lies on emissions resulting from the usage of data centres and the business travel of employees. Furthermore, environmental impacts from the consumption of water, energy and materials in company offices are constantly tracked with the goal of minimising waste. A voluntary work stream also met regularly in order to develop new projects and increase performance.



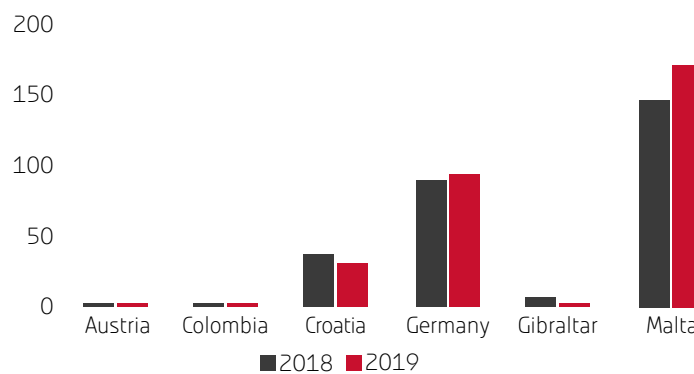
In 2019, we not only set up our own tracking system for environmental impacts but also transformed all information into internationally standardised measures such as CO<sub>2</sub> equivalents (CO<sub>2</sub>e). We did not stop at focusing on impacts directly generated by the company but further included the data of external parties, which could be traced back to the business activities of Tipico. These included directly produced carbon emissions caused by company vehicles (Scope 1), Scope 2 emissions due to the consumption of electricity and Scope 3 emissions due to business travel (including flights, taxis and trains) and external data centres.

# OUR ENVIRONMENTAL IMPACT: LESS IS MORE

## ELECTRICITY

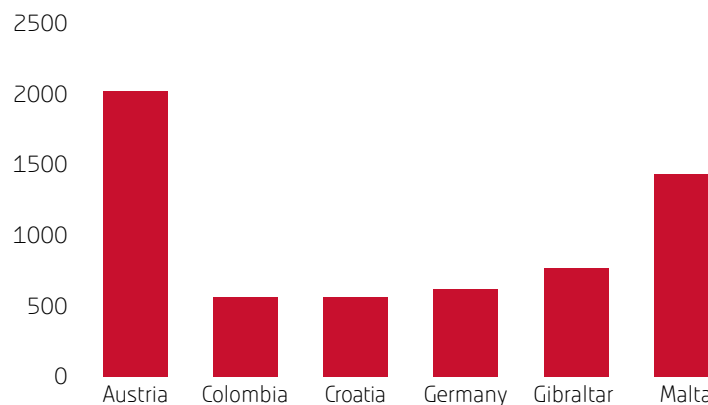
Consumption of electricity was tracked around our locations, resulting in around 296 metric tonnes of CO<sub>2</sub>e – that makes a plus of 7% in total.<sup>9</sup> However, the increase is mainly caused by the increase in our business activities. That becomes visible when comparing the electricity intensity by employees from 2018 to 2019 which results in a decrease of 7%.

### EMISSIONS FROM ELECTRICITY CONSUMPTION IN TONNES OF CO<sub>2</sub>e



Understandably, the consumption varied not only by the size and location of the entity, but by the number of employees as well. In this calculation Austria appears to be above average. That is due to the small number of employees working directly in the office.

### ELECTRICITY CONSUMPTION PER EMPLOYEE IN KWH



<sup>9</sup>Due to adjusted calculation methods, the amount for 2018 was calculated as 275 metric tonnes. Adjustments result from newer carbon emission factors (e.g. by the Energy and Water Agency Malta). We also included common electricity usage for our offices in Malta.

Where no more recent country-specific measures have been available, the amount of CO<sub>2</sub>e is calculated with the standards of the Greenhouse Gas Protocol (GHG). In order to minimise impacts, we are strongly committed to using renewably sourced electricity to attain a more favourable energy mix. While the average amount of renewably sourced electricity in the gross electricity mix within the EU (2017)<sup>10</sup> was around 31 %, for example, Tipico offices in Germany are sourcing electricity from providers offering 100 % renewable sources. Therefore, the CO<sub>2</sub>e based on our specific electricity mix is expected to be below the calculated amounts.



In 2019, we increased the customer experience in our shops even further, resulting in an even higher number of screens. This change went hand-in-hand with an increase in electricity consumption in the shops. On average, electricity consumption increased by more than 10 % for each shop. Nevertheless, the majority of retail shops operated by the Tipico Shop Agency North and East are sourcing electricity from 100 % renewable sources. Based on supplier information, this leads to a reduction of more than 200 tonnes CO<sub>2</sub> emissions compared to conventional electricity mixes.

## DATA CENTRES

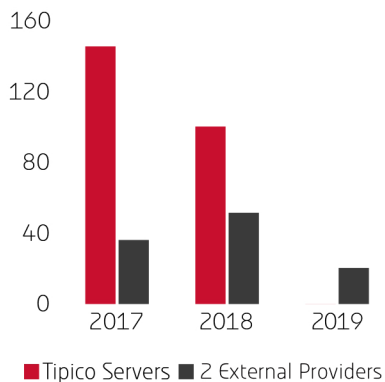
In 2019, we were able to decrease the emissions resulting from the usage of data centres drastically, due to two main reasons. First, own data servers have been shut down completely by the end of 2018 while moving the majority of data servers to the Amazon Cloud (AWS). This led to a high level of scalability. In a framework of dedicated servers for our digital services, the number of servers must be adjusted to the highest demand (e.g. around big sports events). During times of lower demand, unused servers become redundant, while still running. With the move towards AWS, capacity is dynamically scaled to the actual workload. Consequently, energy consumption is lower at times of reduced demand.

Secondly, due to choosing a provider which is sourcing a high share of renewable energy. As the amount of carbon emissions is not only affected by the number of servers running, and the efficiency of these servers, but also by the power mix used, we chose a provider that follows requirements on high percentages of renewable energies in the electricity mix. This became especially apparent when the calculation method was adjusted, and an even more accurate method was chosen. While for 2017 and 2018 consumption was calculated on a location-based method, in 2019 consumption was tracked by a market-based method which incorporated among others renewable energy projects and suppliers with higher shares of renewable energy compared to the regular grid mix.

<sup>10</sup>Statista (2019) Retrieved from: <https://de.statista.com/statistik/daten/studie/161266/umfrage/stromerzeugung-aus-erneuerbaren-energien-in-der-eu-27-seit-1998/>

# OUR ENVIRONMENTAL IMPACT: LESS IS MORE

## DATA CENTRES - CO<sub>2</sub>e IN METRIC TONNES



The move from own data servers to the AWS cloud was therefore one of the main factors leading to a decrease of around 88% of CO<sub>2</sub>e. As AWS is working towards their long-term commitment to use 100% renewable energy among others by building own wind farms<sup>11</sup> it is expected that the amount of emissions resulting from the usage of data centres will be kept low in the coming years.

## WATER

Our main focus is not on the manufacturing industry. Thus, the water consumption of the company is comparably low. As we are renting the office spaces, data availability depends on the landlords and the regulatory environments. Therefore, it was not possible to collect all data for 2019 at this time. Nevertheless, tracking for consumption by all entities has been set up and data is recorded in order to notify irregularities. Generally, no big differences in water consumption over the years was noted. For example, in Malta a reduction of 3% between 2018 and 2019 was reached. Water is usually sourced by local municipalities and except for one entity, no reused or recycled water is used in our facilities.

## RESOURCES AND MANAGEMENT

Efficient waste management in terms of separation and possibilities for recycling are a fundamental requirement within our Group. Since 2019, all entities have had waste separation mechanisms combined with appropriate signage in place.



In addition, we started a number of initiatives to reduce waste and consumption of materials in general. In 2019, a tracking system for all paper consumption in the different offices was set up along with initiatives to save paper. All printers have been set to double-sided printing by default and employees have been informed about measures and reasons in order to reduce consumption.

Furthermore, the company's own shops and external franchise partners have been informed about measures as well and suppliers have been informed to send us invoices electronically rather than by conventional letter. In 2018, a new work stream dedicated to promoting and setting up initiatives for an environmentally conscious company was started. In 2019, this work stream continued organising among others a waste reduction campaign and CSR Days focusing on environmental projects such as beach clean-ups and the planting of around 1,500 trees in Malta (see section: "How Our Employees Engage: Sports for Charity").

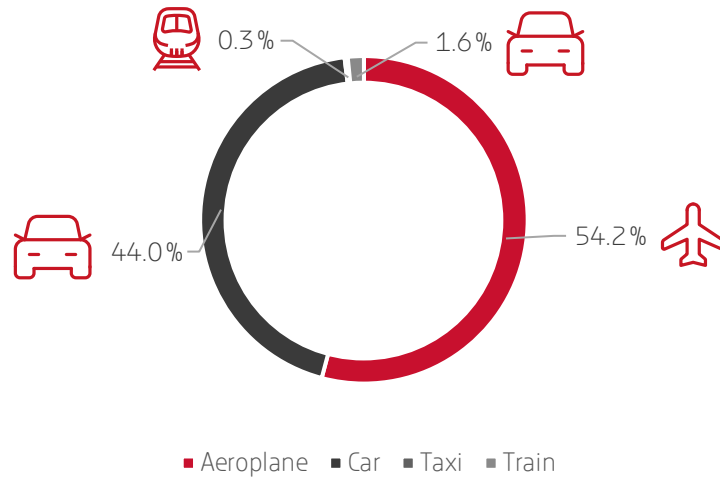
<sup>11</sup>AWS (2015) Retrieved from: <https://aws.amazon.com/blogs/aws/cloud-computing-server-utilization-the-environment/>



## BUSINESS TRAVEL: REDUCING OUR FOOTPRINT

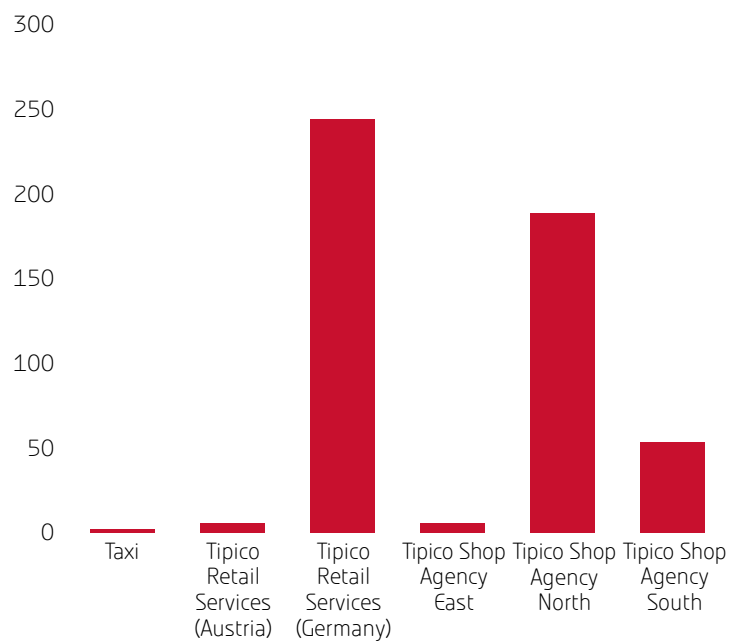
As an international company, business travel is one of our biggest environmental impacts. Our business travel includes the car parks used by the teams consulting retail shops (GHG Protocol Scope 1) and emissions as a result of individual travel of employees by publicly-available sources such as taxis, trains and aeroplanes (GHG Protocol Scope 3).

### EMISSIONS BY TYPE OF TRANSPORT



Information about all business-related trips of our Group were collected and resulted in 1,134 metric tonnes of CO<sub>2</sub>e. This equals an emission intensity of 1.46 metric tonnes per employee in core business entities.<sup>12</sup>

### ROAD - CO<sub>2</sub>E IN METRIC TONNES



<sup>12</sup>Core business areas are calculated without on-site retail businesses

# OUR ENVIRONMENTAL IMPACT: LESS IS MORE

## ROAD (CAR AND TAXI)

Travel by road results in around 502 metric tonnes of CO<sub>2</sub>e and thus makes up for around 44% of all travel (Scope 1 and 2). The Tipico Shop Agencies and Tipico Retail Services thereby account for the majority of travel by car. This is especially due to the high number of Tipico shops within Germany and Austria which are inspected and consulted by internal quality and retail services teams on a regular basis.

## AEROPLANE

In 2019, we introduced our own new tracking system for carbon emissions from flights. Due to the new calculation method, data accuracy improved. As we changed the calculation bases as well (previously GHG Protocol calculations), carbon emissions per kilometre increased, affecting last year's and this year's calculations.

Due to the international business environment and Group entities in six different countries, travel by aeroplane – at around 54% – makes up the largest part of individual business travel. Nevertheless, we managed to decrease our emissions by 26% from 2018 to 2019, resulting in approximately 614 metric tonnes of CO<sub>2</sub>e. Differences are expected to result from higher awareness and usage of alternative (online) meeting rooms.

Referencing the emissions per employee, we were able to reduce these amounts even further, resulting in a difference of around -34% from 2018 to 2019. The total amount per employee comes to around 0.8 metric tonnes. In accordance with atmosfair<sup>13</sup> that equals around one flight between our offices in Germany (Frankfurt) and Malta (Luqa) for each employee.

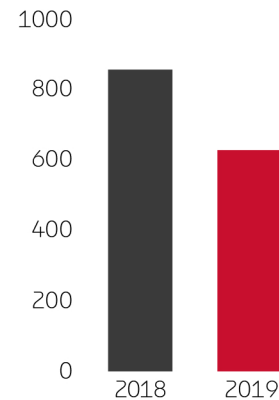
## TRAIN

In 2019, we kept our emissions from travel by train at a constant level.

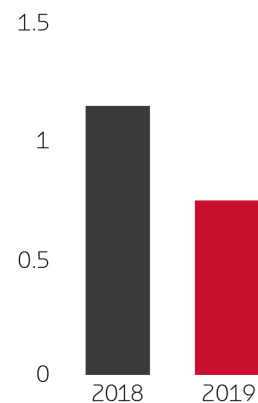
As the majority of journeys by train were carried out in Germany, with a high share of renewable energy in the power mix, calculations have been carried out based on the individual train mix in Germany. Emission factors are expected to be below calculated numbers. In accordance with the German Federal Environmental Agency "Umweltbundesamt":

Around **1,350** long distance journeys  
Average distance of around **323** kilometres

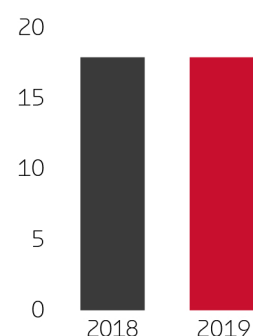
### AEROPLANE - CO<sub>2</sub>e IN METRIC TONNES\*



### AEROPLANE - CO<sub>2</sub>e IN METRIC TONNES\* PER EMPLOYEE



### TRAIN - CO<sub>2</sub>e IN METRIC TONNES\*



<sup>13</sup>Atmosfair (2019) Retrieved from: <https://www.atmosfair.de/en/offset/flight/>

\*Adjusted calculation method, based on the newest measures



## REDUCING IMPACTS

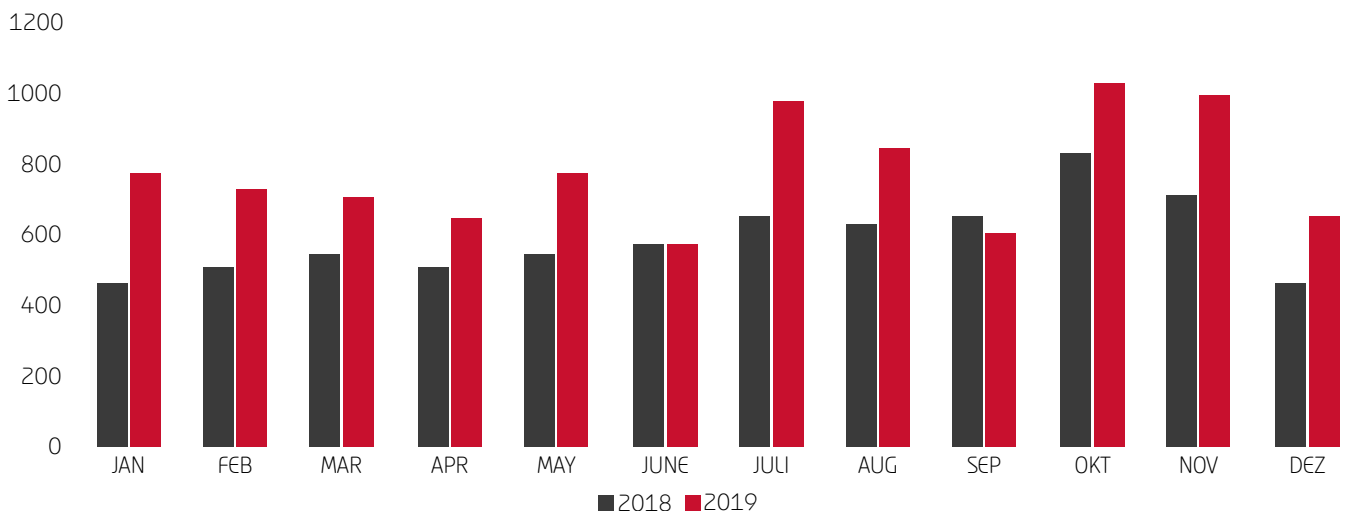
Communication is key. Therefore, business travel is relevant in order to work together closely and get the best results possible. Nevertheless, wherever achievable, we are counting on alternative systems in order to minimise consumption of time and CO2e. Thus, we are offering our employees various channels for communication. As shown in the table, virtual online meetings are used very frequently. In 2019, we increased the number of virtual meetings by around 30% resulting in a total of around 10,000 virtual meetings.

Around **10,000** meetings were scheduled via virtual meeting rooms

Up to **60** meetings per day

With up to **63** dialled in computers/conference rooms

### VIRTUAL MEETINGS PER MONTH IN 2018 AND 2019



# OUR ENVIRONMENTAL IMPACT: LESS IS MORE

## REVIEW OF 2019 AND TARGETS FOR 2020:

In terms of our environmental impacts the last year has been a success and set targets have been reached. We extended the tracking of environmental impacts by including new measures such as printed pages within the Tipico Group entities. We also implemented our own environmental tracking system. All data is now tracked in one system which was set up in collaboration of the Corporate Responsibility and the Business Intelligence team.

During the year we furthermore prepared our move to new Tipico campuses in Germany and Malta. In Germany, where it is possible to decide on electricity providers, we decided again on a provider selling an electricity mix of 100% renewable energy. In Malta only one provider is available, and we are therefore more dependent on the overall electricity mix within the country. For 2020 the following targets have been set:

- » introduce a new travel booking system in order to increase tracking accuracy
- » implement an energy audit
- » benchmark suppliers of electricity with the aim of increasing the share of renewable energy in the company





## SUPPLY CHAIN: KNOW YOUR BUSINESS PARTNERS AND SUPPLIER MANAGEMENT



### WE ARE COMMITTED TO:

- » monitoring our supply chain in order to reduce risks and minimise negative effects
- » informing business partners about responsible business practices
- » focusing on trustful, long lasting and sustainable business relationships

### IN 2019:

- » we extended our centralised process for supplier management and contract signing by implementing a new supplier and contract management tool
- » based on spending, around 97% of our supplied goods and services were purchased from EU Member states
- » all employees working in Tipico supplier management participated in training about decent work in global supply chains (Sustainable Development Goal 8)
- » we renewed the Tipico Supplier Code of Conduct and extended processes to better know our business partners

# SUPPLY CHAIN: KNOW YOUR BUSINESS PARTNERS AND SUPPLIER MANAGEMENT

## OUR SUPPLY: WHY A RESPONSIBLE SUPPLY CHAIN IS GOOD FOR OUR BUSINESS

Safe collaboration with suppliers following the same high standards as Tipico are important in order to guarantee the efficient flow of our business. We therefore increased our procurement team by employing three new employees and further invested in our internal controls and processes to monitor our supply chain very closely. We also expect suppliers to acknowledge our Supplier Code of Conduct, which is based on the standards of the UN Global values and thereby promotes ethical, social, environmental and economic progress.

As an international company, we interact with several people, companies and organisations outside of the Tipico Group in all business areas. Our supply chain is less affected by direct procurement of raw materials and goods for production, but rather shaped by indirect spending on services supporting the day-to-day business such as professional consultancy, marketing and sponsorship, sportsbook and gaming, infrastructure and security agreements. In 2019, especially investments in the last two categories increased.

## THE SELECTION PROCESS

Whether customers, partners, franchise partners, or service providers – we are implementing guidelines and checks to guarantee safe relationships. These do not only include customer identity verification processes, but also due diligence on the franchise partners and vendors. Even charitable organisations are asked for transparent information to guarantee that trust is never misused.

Tipico is also working on standardising procurement within the Group through encouraging synergies of internal systems, as well as publishing Group-wide guidelines on purchasing, vendor selection and tendering to ensure equal opportunities are given to suppliers.

“Know your business partners” processes and procedures reduce the risk in facilitating business with inappropriate business partners, especially from an anti-money laundering perspective. By verifying our partners and understanding their business, we increase our ability to pinpoint any potential risks and take appropriate steps to mitigate them.

As a first approach to supplier verification, a risk assessment is completed. This includes specific parameters such as the jurisdiction, type of service or monetary value of the contract to name a few. Based on the risk assessment results, specific due diligence checks are carried out in line with regulatory requirements. As a part of these checks, we screen individuals and organisations through an established compliance checking engine such as World Check by Refinitiv Limited, which makes it possible to immediately identify suspicious results and take relevant actions. Enhanced due diligence (EDD) is subsequently triggered in case any suspicious result is met during the checks, always in accordance and agreed with the Money Laundering Reporting Officer (MLRO).

Tipico enforces the already established Contract Signing Process Policy, which ensures a uniform, structured, efficient and transparent process for contract signing requests. The policy describes the main rules and measures to fulfil the requirements for a contract to be signed. This includes legal, tax, finance, AML, data protection, ISMS and compliance checks.

In 2019, we further streamlined processes and introduced a new supplier and contract management platform. The new supplier and contract management platform aims to digitalise and make transparent the procurement-related controls and checks. The target is to ensure the full visibility and audit trail of every contract, order, commercial and service acquired. Contracts which pass through these stages, are appropriately reviewed, documented and correctly allocated to the relevant business unit through a structured workflow. All contracts are also digitalised and centrally stored within the same system and controlled through a Role Based Access Control set up to ensure access is controlled and the information is secure on a need-to-know basis.

As for areas dealing with personal information, we follow a strict procurement data retention policy targeting all Group employees that are collecting and processing the personal data of affiliates and suppliers.

## PROTECTION OF HUMAN RIGHTS

We have a zero-tolerance approach towards all forms of modern slavery and therefore expect all our suppliers to follow the same approach. Slavery, forced or child labour, and human trafficking are violations of fundamental human rights by exploiting persons for the benefit of others.

In 2019, more than 630 million workers worldwide still did not earn enough to lift themselves and their families out of poverty.<sup>14</sup> 40.3 million people are calculated to be living in modern slavery, around 25 million of them in forced labour. These go hand-in-hand with insufficient working conditions and may lead to major work-related health issues.<sup>15</sup> A person's geographical location is thereby strongly connected with their chance of ending up in forced labour.<sup>16</sup> Even though migration policies have been tightened within Europe, rendering migrants and vulnerable groups to higher risks, central European countries have comparatively low risks of modern slavery. Governments in Europe show great determination to minimise human rights violations. In a report from 2019, regional findings show that some regions are doing relatively well in comparison to others, with Europe and Central Asia scoring the highest in terms of implementing protection measures. They have a strong response to modern slavery and are committed to providing support services for victims and addressing the underlying risk of slavery.<sup>17</sup>

Thus, Tipico focuses on three main measures to improve its impact on human rights topics. First of all, all employees involved in Procurement and Supplier Management participated in human rights training by the UN Global Academy in the reporting period. The training was carried out in order to understand the importance of the topic and being able to identify and minimise potential risks.

A second measure is the geographical distribution of suppliers. By focusing on suppliers from European countries, Tipico reduces risks of purchasing from companies with lower standards.

The third measure aims at our suppliers. As described above, all suppliers must acknowledge the Tipico Supplier Code of Conduct, covering this topic as well.



<sup>14</sup>Ilo (2019a) Retrieved from: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_734455.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_734455.pdf)

<sup>15</sup>Global Slavery Index (2019a) Retrieved from: [https://cdn.globalslaveryindex.org/2019-content/uploads/2019/07/17123602/walk.free\\_MAF\\_190717\\_FNL\\_DIGITAL-P.pdf](https://cdn.globalslaveryindex.org/2019-content/uploads/2019/07/17123602/walk.free_MAF_190717_FNL_DIGITAL-P.pdf)

<sup>16</sup>Ilo (2019a)

<sup>17</sup>Global Slavery Index (2019a)

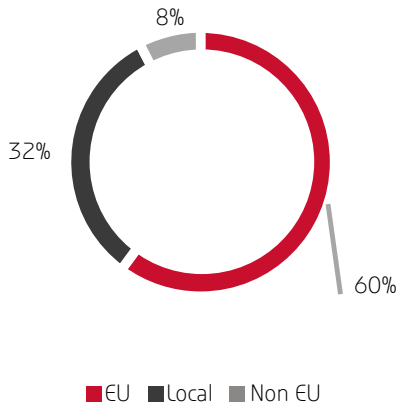
# SUPPLY CHAIN: KNOW YOUR BUSINESS PARTNERS AND SUPPLIER MANAGEMENT

## GEOGRAPHICAL DISTRIBUTION OF SUPPLIERS

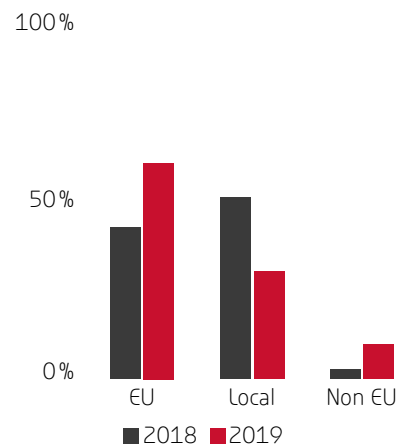
We practice a commonly used definition of what “local” means to the company. Only suppliers based in the same country as the receiving entity are defined as local. We track the geographical distribution of our suppliers to our headquarters in Malta and the supporting entities.

In 2019, we increased not only the scope of entities included in the report but our network in general (28% more business partners included). Thereby, the number of business partners from outside the EU increased. Nevertheless, the majority of our business partners again came from the EU (60%) or even from the local community (32%). In 2019, only around 8% of partners came from outside the EU. This guarantees better communication, short distribution channels and compliance with European standards.

LOCATION OF SUPPLIERS  
BASED ON AMOUNT OF PARTNERS



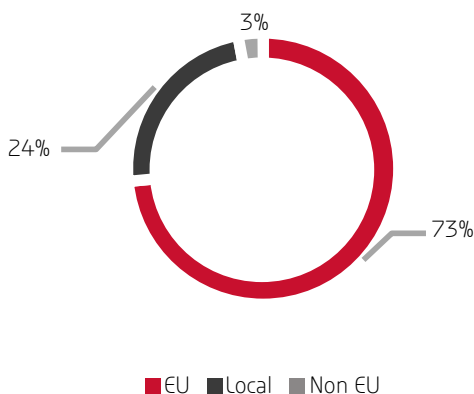
LOCATION OF SUPPLIERS  
BASED ON AMOUNT OF PARTNERS



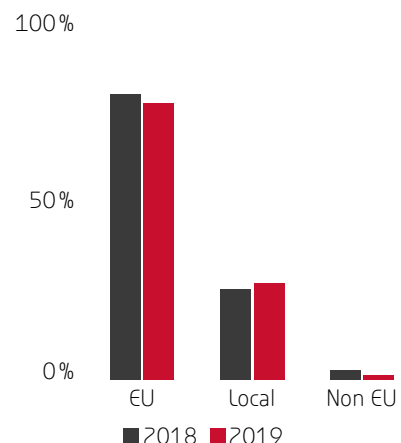
While the number of business partners covered in the report increased by 28%, spending covered in the report increased by 20% only. This means that the total spending has been divided among more business partners, and the average spending per business partner has decreased.

As for the number of contract partners, spending within the EU accounts for the majority of the money spent in 2019. With a focus on central European countries, we simultaneously minimise the risk of violation of human rights. At the same time, we can keep the environmental impact from shipping at a low level. Supporting local suppliers not only helps us develop professional partnerships and ensure reliable supply, but we also indirectly support the whole community. Thus, local sourcing is a strategy to support a stable local economy and maintain relationships with the community.

LOCATION OF SUPPLIERS  
BASED ON SPENDING



LOCATION OF SUPPLIERS  
BASED ON SPENDING





## REVIEW OF 2019 AND TARGETS FOR 2020:

Our procurement team is working on the continuous improvement of all functions regarding our supply chain. All targets set by the end of 2018 were met during the year. Nevertheless, most of the targets stay as relevant as before, and are ongoing.

With the introduction of the new tool, the transparency of all contract obligations and spending increased. Further processes were centralised with the help of the new functionalities. We managed to extend the procurement team and upgrade the procurement function. In addition, all employees in the team received CR-related training. For 2020, the following targets have been set:

- » upgrade procurement function and standardise purchasing within Tipico
- » digitalise supplier contracts and centralise in the supplier and contract management tool
- » automate and innovate end to end procurement cycle
- » onboard other Tipico entities into procurement process
- » create one single source of truth within Supplier Data Management and encourage accountability and ownership
- » increase transparency of contract obligations and control over spending

# WE NEVER SETTLE FOR SECOND

## WE NEVER SETTLE FOR SECOND



As One Tipico, we are committed to corporate responsibility and are continuously working on improving our impact on the local community and the society at large. We keep setting ourselves higher targets. With this report, we strive to increase transparency and hope we have presented you with some interesting insights into our business. We look forward to presenting you with further updates about our strategy in the future.

# APPENDIX

## APPENDIX 1: BACKGROUND ON SUSTAINABILITY REPORTING

### CONTENT AND SCOPE

We are proud to present the second corporate responsibility report for the Tipico Group covering the reporting year 2019. The report is published as a stand-alone report and will be renewed on an annual basis. The report focuses on topics impacting Tipico stakeholders to the greatest extent. The goal is to transparently address these topics and outline a path to continuous progress, assuring the trust of all stakeholders.

The standards of the Global Reporting Initiative (GRI) were used as the framework for structuring the content of the report. Tipico systematically used the GRI standards to conduct a formal materiality analysis in order to define the key reporting aspects and guide further standard disclosures. The report additionally includes the GRI content index. As Tipico is committed to the ten principles of the UN Global Compact, communication on the four main areas, namely Human Rights, Labour, Environment and Corruption Prevention, are included in this report.

The reporting of carbon emissions is influenced by the Corporate Value Chain (Scope 3) Accounting and Reporting Standards by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) as well as by the Greenhouse Gas (GHG) Protocol. Where no newer data was accessible (accessible in Germany and Malta), emissions from electricity consumption are calculated with factors provided by the GHG Protocol tool for stationary combustion.<sup>18</sup> In Germany, emission factors for electricity from Statista have been used.<sup>19</sup> In Malta, emission factors have been provided by the Energy & Water Agency.<sup>20</sup> Emissions resulting from business travel are calculated with the UK Government GHG Conversion Factors for Company Reporting (version 1.2; year 2019).<sup>21</sup> These do not only include UK-specific measures but suggest emissions for international travel as well.

Financial statements are published annually in a separate report. The consolidated financial statements include information about the Tipico Group Limited and its subsidiaries. The statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU. Financial statements are further independently audited and confirmed by the PWC.

We strive for transparency. However, due to the heterogeneity of different entities and the introduction of new tracking systems, it was not possible to collect all information in this report. Therefore, chapters contain information about the scope and covered Group entities.

### DEFINING OUR MATERIAL ISSUES

In 2018, internal stakeholders such as employees and external stakeholders such as customers, regulators, suppliers, partners, shareholders and society trusted in our performance and sustainable business practices. Through strategic prioritisation of CR topics, we live up to these expectations. In accordance with the Global Reporting Standards (GRI), material topics are all those that lead to direct or indirect social economic or environmental impacts and are therefore relevant to stakeholders of a business or society. We drew up findings of stakeholder surveys conducted in all locations of operation involving internal and external views. Based on a stratified sample, 112 internal stakeholders were consulted to assess the relevance of different aspects of CR. This consultation also included estimates for the current performance in these areas. The analysis was supplemented by external viewpoints gained through nine dialogue sessions with a wide range of stakeholders which ranked the topics concerning relevance for us. These external positions were used to balance internal opinions to reach a more holistic perspective.

<sup>18</sup>World Resources Institute (2015). GHG Protocol tool for stationary combustion. Version 4.7.

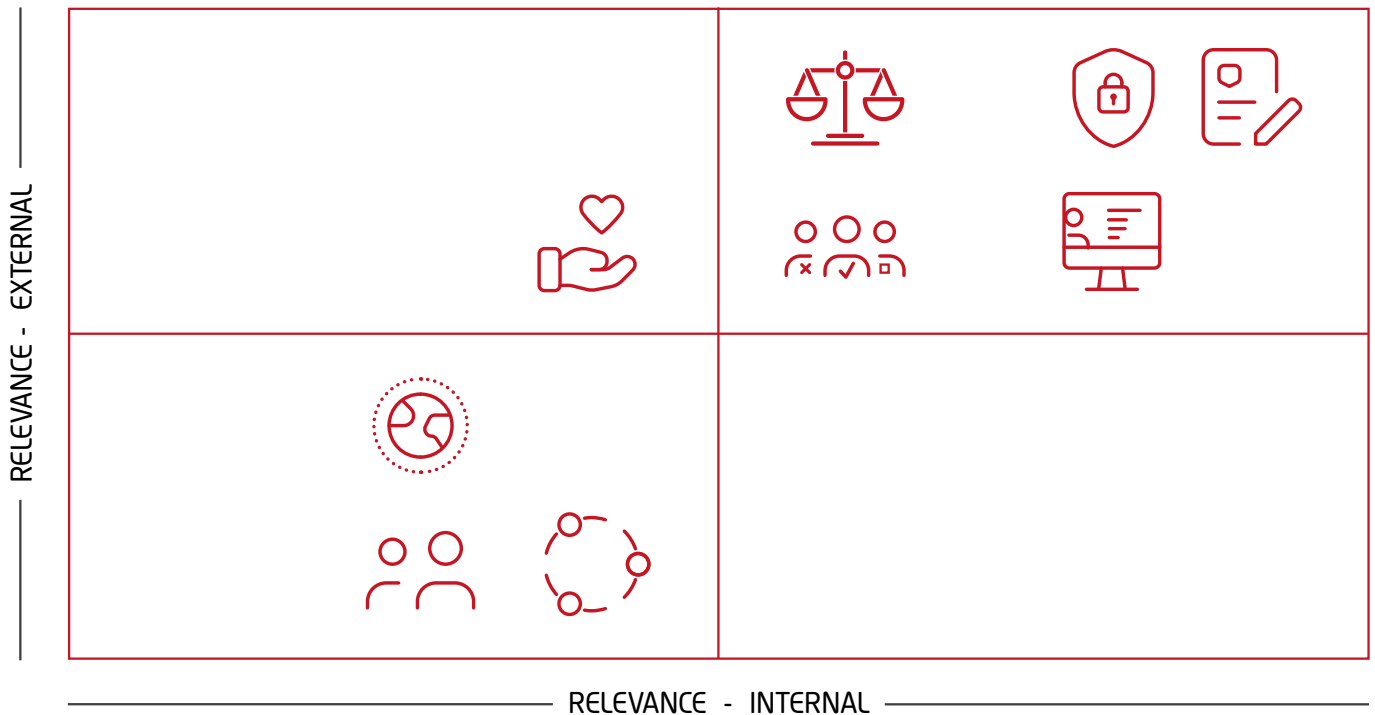
<sup>19</sup><https://de.statista.com/statistik/daten/studie/38897/umfrage/co2-emissionsfaktor-fuer-den-strommix-in-deutschland-seit-1990/>

<sup>20</sup><https://www.energywateragency.gov.mt/>

<sup>21</sup><https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019>

# APPENDIX

## MATERIALITY



- Compliance
- Consumer Protection
- Business Ethics
- Training and Development
- Diversity and Equal Opportunities
- Community Involvement
- Human Rights
- Supply Chain
- Environmental Impacts

The results illustrate the relevance of a range of topics, as perceived by internal and external stakeholders. Areas with higher relevance are covered in more detail, especially with regards to operationalisation, measurement and reporting on the relevant indicators. As a result of our materiality analysis, this report focused on the following topics: compliance, consumer protection, business ethics, training and development, diversity and equal opportunity.

The report is supplemented by essential requirements under the GRI, namely concerning involvement in local communities, environmental impacts and supply chain. The next review of materiality of topics will be implemented in 2020.



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GRI 102-30 Governance (2016)	Effectiveness of risk management processes	44
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GRI 102-44 Stakeholder Engagement (2016)	Key topics and concerns raised	79
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GRI 102-46 Reporting Practice (2016)	Defining report content and topic Boundaries	79
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GRI 102-50 Reporting Practice (2016)	Reporting period	79
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GRI 102-52 Reporting Practice (2016)	Reporting cycle	12
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GRI 403-4 Occupational Health and Safety (2016)	Health and safety topics covered in formal agreements with trade unions	Not applicable
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## APPENDIX 3: MEMBERSHIP IN ASSOCIATIONS

### ASSOCIATION OF CERTIFIED ANTI-MONEY LAUNDERING SPECIALISTS (ACAMS)

(member since 2019)

ACAMS is the largest international membership organisation dedicated to enhancing the knowledge and expertise of financial crime detection and prevention professionals, from a wide range of industries, in both the public and private sectors.

### DÜSSELDORFER KREIS (DK)

(member since 2017)

The Düsseldorfer Kreis (DK) is an initiative of responsible individuals from gambling operators, addiction assistance and science, who develop suggestions for a strictly consumer-protection-oriented gambling regulation for Germany in open discourse. The initiative defines itself thereby as a forum for qualified technical exchange and the common development of new concepts of consumer protection.

### DEUTSCHER SPORTWETTENVERBAND (DSWV)

(board member since 2014)

The German Sports Betting Association (DSWV) is the association of leading German and European sports betting providers. It is committed to a modern and competition-oriented regulation of sports betting in Germany. This includes clear, legally secure rules for providers and consumers. Equally important to DSWV are effective measures to protect players and the integrity of sporting competition.

### EUROPEAN GAMING AND BETTING ASSOCIATION (EGBA)

(working group member since 2017)

The European Gaming and Betting Association (EGBA) is a Brussels-based industry body representing the leading online gaming and betting operators, established, licensed and regulated within the EU. The EGBA works with national authorities, EU authorities and other stakeholders towards a well-regulated and attractive offer for EU citizens.

The Association promotes the creation of a safe and reliable European digital environment for online gambling. A well-functioning digital environment requires regulation that provides a high level of consumer protection and considers the reality of the digital economy and consumer demand. It must also ensure that the regulated offer is attractive enough to appeal to the maximum number of players to channel them away from unregulated offers.

## **IGAMING EXECUTIVES NETWORK ASSOCIATION (IGEN)**

(board member since 2018)

The iGaming Executives Network Association (iGEN) is an association of Malta's leading iGaming companies operating in the European and international markets, which was set up in 2018. The main issues addressed are specific to the iGaming industry, such as staff shortages with specific competencies as well as problems in the banking sector. General country-specific challenges are also addressed. For instance, Malta's rental prices have gone up dramatically in recent years. These topics will be addressed in further collaboration with the Maltese government and the public sector, as well as other stakeholders such as Gaming Malta, the Bankers' Association, the Real Estate Association and other key organisations in this field.

## **THE MALTA CHAMBER OF COMMERCE**

(member since 2017)

The Malta Chamber of Commerce, Enterprise and Industry is the independent voice of the private sector in Malta. Its principal mission is to actively represent companies from all economic sectors and ensure that entrepreneurs enjoy the best competitive environment and regulatory conditions possible for the conduct of business.

The Chamber constantly champions the need for competitiveness, enhancing measures with the pertinent authorities in Malta as well as in Brussels.

## **ÖSTERREICHISCHER SPORTWETTENVERBAND (OSWV)**

(member since 2016; board Member since 2018)

The Austrian Bookmakers Association (OSWV) aims to safeguard the professional interests of bookmakers and totalisers in accordance with its statutes. Additionally, the association creates the basis for its members to be able to carry out their activities in a secure, legal and economic environment.

The OBMV does not pursue its own economic interests; it is politically and denominationally neutral.

## **UN GLOBAL COMPACT**

(participant since 2018)

The United Nations Global Compact is a non-binding initiative with the goal of encouraging businesses to work together towards reaching sustainable and responsible business practices. It thereby acts as the world's largest corporate sustainability initiative. The UN Global Compact enables companies to align strategies and operations with universal principles of human rights, labour, environment and anti-corruption, and takes actions in these areas. Businesses are asked to report on their progress in these areas on a regular basis.

## APPENDIX 4: LIST OF ABBREVIATIONS

ABBREVIATION	FULL TERM
ACAMS	Association of Certified Anti-Money Laundering Specialists
AML	Anti-Money Laundering
AWS	Amazon Web Services
CCO	Chief Commercial Officer
CAMS	Certified Anti-Money Laundering Specialist
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFT	Combating the financing of terrorism
CO <sub>2</sub> E	CO <sub>2</sub> equivalent
CRO	Chief Regulatory Officer
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
CDD	Customer Due Diligence
DK	Düsseldorfer Kreis
DPA	Data Protection Authorities
DPO	Data Protection Officer
DSWV	Deutscher Sportwettenverband
eCOGRA	eCommerce Online Gaming Regulation and Assurance
EDD	Enhanced Due Diligence
EGBA	European Gaming and Betting Association
ESG	Environmental, Social and Governance
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative
GHG	Greenhouse Gas Protocol
IDPC	Information and Data Protection Commissioner
iGEN	iGaming Executives Network Association
ISMS	Information Security Management System
MGA	Malta Gaming Authority
MLRO	Money Laundering Reporting Officer
OASIS	Onlineabfrage Spielerstatus
OSWV	Österreichischer Sportwettenverband
PEP	Politically exposed person
RG	Responsible Gaming
SAR	Suspicious transaction/activity report
UNGC	UN Global Compact
WBCSD	World Business Council for Sustainable Development
WRI	World Resource Institute



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